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NEWS SUMMARY

GENERAL

Drug hauls at record level

The seizure of controlled drugs in Britain last year soared to its highest level since the 1971 Drugs Misuse Act came into force, the Home Office said.

More than 13,400 seizures were made. Hard-drug addiction climbed by 19 per cent and the number of registered narcotic addicts rose to 4,122 — a record level.

The Home Office statistics show that the 60.8 kilos of heroin seized was twice the previous year's total.

Woman Premier

Scientist and diplomat Maria de Lurdes Pintassilgo became Portugal's first woman Prime Minister. She will pick a caretaker Government in preparation for an autumn general election. Page 2

U.S. reshuffle

Mr. G. William Miller, chairman of the U.S. Federal Reserve Board, is expected to replace Mr. Michael Blumenthal as Secretary of the Treasury in President Carter's shake-up. Health Secretary replaced. Back Page

Queen arrives

The Queen was greeted by local dancers and strict security when she arrived at Tanzania's Kilimanjaro airport to begin her tour of Africa.

Hijack alert

The U.S. State Department has warned all shipping in the Gulf to beware of possible hijacking or terrorist attacks on or around next Monday, anniversary date of the 1952 Egyptian revolution.

Pope 'for U.S.'

The Pope will visit the U.S. in October and will become the first Pontiff to meet a President in the White House, according to the National Catholic News Service.

Death sentence

Death sentence on discotheque doorman Nigel Hopton was upheld by Jersey Court of Appeal. The fate of Hopton, sentenced for the murder of a girl, now rests with Home Secretary William Whitelaw.

Roodie arrest

Eschel Roodie, former South African Information Ministry official accused of embezzlement, was arrested by police on the French Riviera.

No extradition

Joyce McKinney, who fled to the U.S. before her Old Bailey trial on a kidnapping charge, has been arrested there but will not be extradited, the Director of Public Prosecution's office said. It would be too expensive, and "not in the public interest."

Race warning

Racial turmoil could come to Britain if efforts to improve race relations were not increased, said David Lane, chairman of the Commission for Racial Equality.

General to go

Iran's military police chief, Gen. Said Amir Rahmi, is to resign within a few days as part of a deal between the Government and the ruling clergy to avoid a Cabinet crisis. Page 3

Briefly . . .

Industrial espionage should be made a crime, the Association of British Investigators urged. Page 7

Reliant is calling in all its Robin three-wheel cars made since 1973 for steering adjustments.

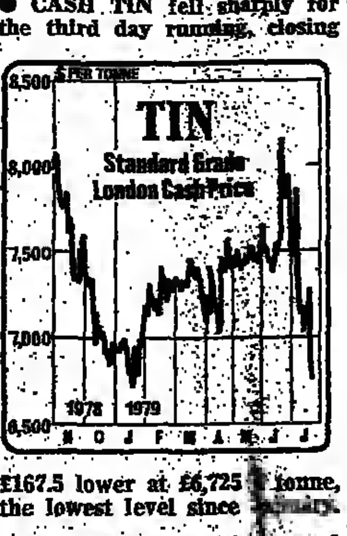
BUSINESS

Dollar improves; Gold falls $2¼

● DOLLAR finished around its best level of the day after continued support from the Bundesbank and Swiss National Bank and the Bank of England. It closed at DM 1.8090 (DM 1.8070) and its trade-weighted index rose to 83.7 (83.6).

● GOLD fell $2¼ to close at $299½ with profit-taking outweighing buying interest.

● CASH TIN fell sharply for the third day running, closing



£167.5 lower at £6,725 a tonne, the lowest level since [illegible].

● EQUITIES rallied, [illegible] by the slackening of [illegible] increase in the rate [illegible] growth. The FT [illegible] index, off 4.9 at 11[illegible] 0.1 down at 479.1.

● GILTS also [illegible] and [illegible] gained earlier losses [illegible] ing to a full point, but [illegible] traded lightly and falls ranged to half a point. The Government Securities Index closed 0.09 down at 73.48.

● WALL STREET before the close was off 1.87 at 826.71.

● STERLING touched $2.3045 but lost ground to close 1.65 cents up at $2.2940.

● U.S. bond and money markets were firmer in response to a better showing for the dollar and were further helped by news that U.S. personal income in June rose only 0.5 per cent. Aides dismiss market impact, Page 4

● PRIVATE SECTOR steelmakers are taking the initiative in a new round of British steel price increases. Back Page. Steel unions agreed to meet management to discuss the future of the Corby works where 6,000 jobs may be lost. Page 9

● ROLLS-ROYCE MOTORS has won a £70m deal to provide engines for the Army's next generation of main battle tanks. Page 6

● IRAN is to sue General Telephones and Electronics of the U.S. for $1bn compensation over an unfinished telephone system.

● ASSOCIATION of Licensed Dealers in Securities is seeking early talks with the Department of Trade and the Council for the Securities Industry, both of which are proposing stricter control of dealers' activities. Page 6

COMPANIES

● DISTILLERS, the whisky and gin group, reports pre-tax profits up from £162.5m to £180.1m in the year to March 31 despite the transport strike and internal industrial action. Page 26 and Lex

● GREAT UNIVERSAL STORES, the mail order and multiple retail stores concern, increased pre-tax profits from £128.1m to £155.4m in the year to March 31. Page 26 and Lex

● DOWTY GROUP, aerospace, defence, mining and electronic concern, improved taxable profit to a record £31.2m (£25m) in the year to March 31. Page 26 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Alginate Inds.	380	+ 10
Allnatt Lnd. Props.	337	+ 7
Bibby (J.)	425	+ 20
Distillers	227	+ 7
Dowty	315	+ 15
Erskine House	47	+ 5½
GUS A	384	+ 8
Lynton	160	+ 4
Reardon Smith	150	+ 5
Sandeman	85	+ 3
Shell Oil	336	+ 8

FALLS		
Excheq. 8½pc 83	£91½	— ¼
Assd. Cmnctns. A	130	— 4
Barclays Bank	470	— 8
Barlow Rand	245	— 8
Compagnie Bancaire	£43	— 5¼
Deutsche Bank	£66	— 5
Haslemere Ests.	308	— 12
Jenks and Cattell	80	— 5
NatWest Bank	356	— 5
Negretti & Zambra	45	— 14
Philips' Lamps	535	— 40
Tricoville	83	— 3
Turner and Newall	124	— 4
Unilever NV	£17½	— 1
Wedgwood	75	— 7
Highlands	92	— 4
Kloof	633	— 48
Libanon	512	— 39
Randfontein	£25	— 2
RTZ	260	— 8
Vaal Reefs	£15¼	— 1¼
Western Deep	794	— 83

NEB assured of limited role for next five years

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

The National Enterprise Board was given a new lease of life yesterday and is now assured of a continuing, though restricted, role for at least five years.

In addition to looking after "lame ducks" such as BL and Rolls-Royce, it will continue to invest in high technology ventures and in small companies in the North and North-west, provided this is done in partnership with the private sector and that shareholdings are progressively sold off.

It also has to dispose of assets worth £100m later this year as part of the Government's sale of £1bn from BP and other companies. It seems likely to consider selling its holdings in ' and Brown Boveri Kent first, followed by part of its stakes in Ferranti and Fairey Holdings.

But Sir Keith Joseph, Industry Secretary, said last night that for reasons of national interest, he would not allow the NEB to place Ferranti or ICL with a foreign company.

The NEB is also being required to trim its spending budget in the current financial year by £30m to help build up the Government's public spending cuts.

Sir Keith believes that this can be done by abandoning its merchant banking role of investments in general companies, in line with its new restricted role.

These are the main points of an understanding, thrashed out between Sir Keith Joseph and Sir Leslie Murphy, chairman of the NEB, and accepted by the Prime Minister and members of the NEB.

Last night both men appeared to feel that they could foresee the NEB developing in an acceptable maner, even though Sir Keith has given the organisation a considerably larger role than was envisaged in the Conservative election manifesto while Sir Leslie has lost some of his merchant banking and industrial restructuring roles.

After Sir Keith announced the measures in the Commons, Sir Leslie said: "I think that this is a very sensible compromise.

"Those tasks that remain for the NEB are of national importance and are a challenge for the Board and its staff and will provide us with a great deal to do."

Sir Keith said he was "not guaranteeing the NEB a long life" and admitted he would eventually like to see it reduced to a North of England version of the Scottish and Welsh Development Agencies.

But for the rest of the lifetime of this Parliament he accepted it would have a role looking after problem companies like BL and Rolls-Royce and in developing about a dozen high technology companies that it has developed, especially the INSAC computer software consortium.

The future of the INMOS micro-chip venture, will be reviewed, however, although present contractural commitments totalling £25m will be met.

"We found the high technology tiddlers and minnows are not in a state that can be sold

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Details of regional aid cuts, Page 6

Large gas rises to close gap in energy prices

BY RAY DAFTER, ENERGY EDITOR

DOMESTIC GAS users face a series of big price rises over the next few years. The Government is concerned about the way that domestic gas tariffs have strayed out of line with other fuels and is considering ways of closing the gap.

If the British Gas Corporation were allowed a free band the increases could run at an annual rate of 5 per cent more than the general level of inflation. However, in one of its first policy decisions, the Government pledged that domestic gas prices would be held down until next April.

That decision has contributed to the general disparity between fuel prices and it has left British Gas facing extra demand which it cannot meet.

The Price Commission, in one of its last reports, published yesterday, estimated domestic gas users should be paying about a third more, an additional 6p to 7p a therm if supplies were priced at their true value.

The Commission based its estimate on the price of gas imported from Norway. It said that present and future users of gas should bear a fair share of

TREND IN UK DOMESTIC FUEL PRICES (March 1976-March 1979)	% increase
Retail price index	40
Solid fuel	42
Electricity	42
Gas	22
Al fuels and light	39

Source: Department of Energy, Digest of UK Energy Statistics

the cost of using a scarce and increasingly expensive natural resource.

All the Corporation's profit on gas activities was forecast to come from the non-domestic market, where prices were being raised in line with oil prices, the report added.

British Gas said that for many years it had not been free to determine the price for domestic gas on any systematic basis. "Indeed, for the last four years, these prices have been artificially held down by the need to comply with the special rules operated by the Price Commission itself."

The Corporation believes that the Commission had wrongly calculated the true value of gas for domestic consumption. It is understood to be unhappy that the Commission used the price of Norwegian gas as a basis for its calculation. British Gas hopes to obtain fresh supplies from less expensive sources, such as the Irish Sea and inshore North Sea fields.

The Government is reviewing the pricing policies of all the energy industries. It sees three basic options for dealing with gas:—

● It could introduce a tax at the consumer end, a prospect considered politically unattractive by the Conservative's energy team.

● It could allow British Gas to raise prices and make even bigger profits. According to the Price Commission the Corporation will report next week a profit for 1978-79 of around £353m after interest but before taxation, a 12 per cent return on turnover and almost double the previous year's profit.

The Price Commission says that even with phased price increases—"necessary to protect the interests of customers"—the Corporation would find

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£47m boost for Chrysler Spain

BY DAVID GARDNER IN MADRID

PEUGEOT-CITROEN is to spend Pta 7bn (£47m) on its Chrysler plant at Villaverde, near Madrid, in the first substantial investment programme within Chrysler Europe since the French group bought it from its former U.S. parent in January.

M. Francois Perrin-Pelletier, president of Chrysler Europe, said in Madrid yesterday that the money would be used to modernise existing plant, to help develop a new range of models in the car and lorry divisions, and increase the number of Spanish sales dealers.

Chrysler Espana was the only unit in the Chrysler Europe network to make a profit last year, and has clearly convinced Peugeot-Citroen of its viability.

Peugeot-Citroen has two other plants in Spain, in the north-western towns of Vigo and Orense.

The planned modernisation of the Villaverde plant, which was allowed to run down badly by Chrysler, is a clear indication that Peugeot-Citroen believes it will be capable of competing with Ford's modern complex at Almusafes, near Valencia, and the perhaps even more advanced plants which General Motors is due to set up in Saragossa and Cadiz by 1982-83.

Particular attention will be paid to the lorry division, which has a range of Dodge models from 3½ tonnes to 42 tonnes.

Spanish lorry sales have fallen sharply this year, but figures for the first five months show that Dodge sales dropped by only 4.2 per cent, against a 9.7 per cent national average.

As well as the new investment, which should be completed within 18 months, Peugeot-Citroen plans that new models from the Chrysler Europe range should be available in Spain within six months of their introduction elsewhere compared with the up to four years which has been the case so far.

Heavy demand pushes up pound

BY PETER RIDDELL

STERLING rose sharply yesterday against all major currencies. Demand was reported to be heavy from both the Middle East and from New York and the trade-weighted index jumped by 0.7 points to 72.8, its highest close since February, 1976.

The index has risen by more than 2½ per cent so far this week and by nearly 14 per cent since last December. The recent appreciation has led to increasing concern in industry and from MPs about the impact on exports. But in the Commons yesterday both the Prime Minister and Sir Geffrey Howe, the Chancellor, reaffirmed the Government's commitment to both a strong pound and to free floating.

Mrs. Thatcher recognised the problems of a high rate but said: "Undoubtedly a rising pound on the levels we are seeing now will help inflation to come down."

Controls

Sir Geoffrey stressed the experience under successive governments that attempts to determine or pre-determine the value of sterling were difficult to achieve.

Demand for sterling yesterday was apparently unaffected by the further relaxation of exchange controls announced on Wednesday and the pound rose from DM 4.11½ to DM 4.15 and from FFr 9.57½ to FFr 9.67.

The pound moved over $2.30 for the first time in more than four years but after touching $2.3045 the rate fell back on rumours of possible new U.S. moves to tighten credit. It closed 1.65 cents up on the day at $2.2940.

James Batholomew adds: Share prices in Holland and Germany rose yesterday following the relaxation of exchange controls.

The Dutch market rose 2 per cent on the day. Many British institutions switched from Shell Transport and Trading and Unilever into their Dutch equivalents.

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Exchange control reactions, Page 6

£ in New York

—	July 18	Previous
Spot	$2.2950-2.2965	$2.2530-2540
1 month	0.76-0.72 dis	0.74-0.68 dis
3 months	1.83-1.79 dis	1.82-1.75 dis
12 months	4.63-4.53 dis	4.72-4.62 dis

Bank lending rises at near record rate

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BANK LENDING increase at a near-record rate last month and there are no signs yet of any significant easing in demand for credit.

The money supply figures for mid-June, published yesterday by the Bank of England, fully explain why Minimum Lending Rate was increased by 3 per cent to 14 per cent in the Budget and why the authorities are cautious about cutting interest rates.

In the Commons yesterday Sir Geoffrey Howe, the Chancellor, said that until public spending and the growth of the money supply had been brought under control, "it would be folly to reduce interest rates for their own sake."

Sterling M3, the broadly defined money supply, including cash and bank current and seven-day deposit accounts, rose by 1.1 per cent in the month to mid-June on a seasonally adjusted basis.

This indicates an annual rate of increase of 13.3 per cent since last October, the start of the old target period, and a rate of 15.3 per cent in the last three months. The old target was an annual rise of 8 to 12 per cent. The new target, which started in mid-June, is an annual rate of increase of 7 to 11 per cent.

The latest figures show that bank lending remains the main expansionary influence. A continued high level of public sector borrowing—with the value added tax increase and public spending cuts unlikely to start working through until late summer—has been offset by sales of gilt-edged stock. Inflows from overseas have had negligible influence on the money supply.

In the month to mid-June, bank lending in sterling to the private sector rose by £937m. To assess the underlying picture, it is necessary to add on a rise of over £300m in bank acceptances held outside the banking system, effectively another kind of credit.

The recent strength of bank lending—up £4.7bn in the last six months—can be partly explained by exceptional influences such as the winter industrial disruption and by borrowing to finance the pre-Budget consumer boom. Many City analysts expect bank lending to weaken later in the year.

The evidence from the clearers and from industry is that the demand for credit is still strong partly because of continued stockbuilding and possibly also in anticipation of financial pressures on industry later in the year.

In the month to mid-June the public sector borrowed £1.4bn, while £1.45bn of central Government debt was sold. Sales of gilt-edged stock to financial institutions and the public contributed £1.12bn.

Sales of gilts in the July banking month, which ended on Wednesday, were probably more than £1bn. At least £500m is already committed for the August banking month.

The new 3 per cent Exchequer 1984 Stock attracted little money when lists closed yesterday.

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Vauxhall faces 25% claim

BY NICK GARNETT, LABOUR STAFF

MOTOR INDUSTRY wage negotiations for the next pay round opened yesterday when a claim for rises of 25 per cent on basic rates was submitted on behalf of Vauxhall Motors' 26,000 manual workers.

The claim, one of the first submitted in heavy industry for the next bargaining year, follows the agreement last year that the settlement for Ford manual workers should be put back and operated from November.

Vauxhall unions put forward the claim, at a meeting of the company's joint negotiating committee. As well as the increases they also want a reduction from 40 hours to 38 as a first step towards a 35 hour working week.

The unions are also seeking the shutdown of Vauxhall's three UK plants—Ellesmere Port, Luton and Dunstable—for a full week's holiday over Christmas. The claim includes holiday pay at time and a third to bring UK plants, according to the unions, into line with its European factories.

Last year's pay deal involved increases of 4.3 to 6.7 per cent plus a productivity arrangement which union officials said produced total rises of around 10 per cent.

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Oil price rises prompt gloomy EEC forecast

BY MARGARET VAN HATTEM IN BRUSSELS

THE RISE in oil prices, estimated at 27.5 per cent for this year, has caused the EEC Commission to revise its short-term economic forecasts to allow for higher inflation and lower growth.

In its latest report on the economic situation in the Community, the Commission supports the pessimistic conclusions of this week's economic survey by the Organisation for Economic Co-operation and Development (OECD).

It estimates that the average EEC inflation rate will rise from about 7 per cent last year to 9 per cent this year, against 7.5 per cent forecast before the latest OPEC price increases.

At the same time, it expects that the current account surplus will be only $8bn, instead of $11.5bn, as forecast earlier. Overall EEC growth will probably be 3.2 per cent, instead of the earlier expected 3.4 per cent.

In view of this, the commission says, increases in energy prices must be passed on in full to consumers to ensure long-term changes in consumption habits.

These increases must not be offset by wage rises. "The secondary inflationary effects of the rise in oil prices must be kept to the strict minimum by accepting a reduction in living standards large enough to offset the rise in oil imports."

The report says that increases in commodity prices, including oil, could further aggravate the gap between inflation rates in the nine member-states. The gap between the highest and lowest member-country rate of inflation increased from 12.4 per cent in the last quarter of 1978 to 16.5 per cent in the first quarter of this year—the biggest gap since 1975.

Turning to the European Monetary System, which started on March 13, the report draws attention to pressures on the Italian lira, Belgian franc and Danish krone. Currencies other than these have remained close to their central rates so far, although the level of overall fluctuation among Community exchange rates rose in the second quarter of the year.

The report predicts a marked rise in Britain's inflation rate stemming from the Conservative Government's budget and says retail prices could rise by more than 13 per cent for the year.

It sees Britain's current account in deficit for the year and says a slowing in the rate of growth of output is likely to raise unemployment in the second half of the year.

● The prices of oil and main petroleum products in the EEC have risen by an average 42.5 per cent since the end of 1978, according to EEC figures published yesterday.

Euro-MPs row delays speeches

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE MEASURED ceremonial atmosphere which has ruled over the European Parliament's inaugural session for much of this week was rudely disrupted yesterday by the outbreak of an acrimonious dispute over procedural objections raised by a dissident fringe of Euro-MPs.

The day's proceedings had been supposed to start off with formal addresses by Mr. Michael O'Kennedy, the Irish Foreign Minister and incoming president of the Council, and Mr. Roy Jenkins, president of the European Commission.

But the two men were forced to sit fortornly on the side-lines as the debate raged on for more than four hours, during which three roll-call votes were taken. They eventually got around to speaking only late in the afternoon.

Though out-manoeuvred on the floor yesterday, the complaining Euro-MPs, were by no means ready to accept defeat. Indeed, they have threatened to use delaying tactics to paralyse parliamentary business for days ahead until their demands are met.

They could do this by exercising to the limit the right of any group, of ten or more members to demand a time-consuming roll call vote on any motion or amendment coming before the house.

The root of the dispute is a recommendation put forward by the outgoing Rules Committee that the minimum number of members required to form a recognised political group in the new parliament should be raised from 14 to 29. For groups composed of more than two nationalities, the minimum would be raised from 10 to 21.

Mr. Michael O'Kennedy

The effect of this recommendation would be to outlaw the group status of a mixed bunch of eleven Italian, Belgian, Irish and Danish Euro-MPs who have banded together more out of belief in safety in numbers than out of any shared political convictions.

They certainly make odd bedfellows. Circumstances have thrust two Belgian militant Francophones into the company of a compatriot who is a Flemish activist. They, in turn, rub shoulders with four Danes elected on an anti-EEC ticket and five Italian Radicals and left-wingers.

Their common interest, however, is that a Euro-MP can only hope to attain a senior position on one of the Parliament's important committees if he or she belongs to one of the recognised multi-party groups.

A majority of the House appears to favour increasing the minimum group size, ostensibly on the grounds that the Parliament's membership might otherwise fragment into numerous and unmanageable small factions.

● Mr. O'Kennedy told the Parliament yesterday that he would welcome a decision by the British Government to become a full member of the European Monetary System before the end of this year.

He added that he believed that the recent change of government in the UK improved the prospects of the EEC agreeing soon on a common fisheries policy.

Mr. O'Kennedy conspicuously omitted any reference, however, to the need to reduce agricultural surpluses or reform the Common Agricultural Policy, even though this is taking up an increasing share of EEC budget expenditure.

The only new progress which he promised to press for in this field was in the examination of some relatively minor Commission proposals for farm modernisation, farm retirement and improving aid to poorer agricultural areas.

Hungary plans steep price rises

BY PAUL LENDVAI IN VIENNA

THE HUNGARIAN party and state leadership has decided to carry out the steepest-ever increases in prices, with effect from next Monday.

It is seeking to re-establish external and domestic equilibrium and to move towards a realistic price structure in line with world market trends.

Tens of thousands of party activists have already begun to explain the need for the drastic measures at emergency meetings convened to inform some 780,000 party members.

The outcome of the Hungarian measures is bound to have a powerful impact on the other Communist states, faced with more or less similar problems.

The decision in principle was taken by the party's central committee at a closed meeting on June 29. It was followed by a series of articles explaining the need for an across-the-board readjustment of the price structure.

According to reliable information, the move for the first time simultaneously affects all basic foodstuffs. Thus, the price of bread will be raised by 50 per cent, meat by an average 30 per cent, sugar by 23 per cent, and dairy products by 20 per cent.

Electricity charges will go up by 51 per cent and central heating will cost 40 per cent more. Fuels will be 34 per cent more expensive, building materials 12 per cent, furniture 18 per cent and leather goods 20-25 per cent.

Restaurant charges, and theatre and cinema tickets will also be raised steeply. Cars will cost 20 per cent more.

Petrol prices have already been raised twice this year, in January by 25 per cent and in June by a further 20 per cent. It remains to be seen whether the authorities will be able to hold down the annual price increase at the projected level of 4.8 per cent.

This is the most drastic belt-tightening package since the economic reforms began in Hungary 10 years ago. To offset at least some of the effects, a monthly allowance of 180 forint (about £4 at the tourist rate) will be given to each wage and salary earner.

The sum amounts to some 5 per cent of the average earnings in industry. Farmers will get Ft 140 and a children's allowance of Ft 130 a head will also be announced.

Woman Prime Minister appointed in Portugal

BY JIMMY BURNS IN LISBON

PORTUGAL'S PRESENT ambassador to UNESCO and a former Social Affairs, Dr. Maria de Lurdes Pintassilgo, has been appointed to form a new government, which will prepare interim elections in the autumn and conduct essential state affairs. She becomes Portugal's first and Europe's second, woman Prime Minister.

Dr. Pintassilgo has built a formidable reputation as a woman of considerable intellectual and technical experience.

Before becoming a diplomat, she was a leading lay exponent of contemporary Roman Catholic thought, and was involved in grass-roots community cation. She also led a study group which reported on social policies for women.

Dr. Pintassilgo, a graduate industrial chemist like Mrs. Margaret Thatcher, the UK leader, was also formerly head of a textile plant and editor of "Industry," a specialised magazine.

Her task will be, essentially, a caretaker one, but her qualities will be tested to the full in the difficult weeks ahead.

The political parties have initially accepted her appointment, although their final position will depend on the government she forms and the type of programme she presents to Parliament in about two weeks' time.

The programme will need to define the precise powers of her Ministers and avoid the ambiguity which has led to the downfall of previous non-party governments.

This will not be easy. The Socialist Party, Portugal's major parliamentary grouping, has already insisted that the future government freeze all controversial activity, particularly in collectivised agrarian reform.

It is, nevertheless, insisting that it raise administrative prices, including fuel and transport, to make present budget allocations compatible with the target for the public-sector deficit.

Dr. Pintassilgo's government, Portugal's 11th since the 1974 revolution, will also be expected to clarify its position on the presently interrupted negotiations with the International Monetary Fund, as well as on a number of wage demands which will emerge before the autumn election.

W. Germany 'still likely to achieve 4% growth'

By Guy Hawtin in Frankfurt

THE BUNDESBANK, West Germany's central bank, believes that the Government's targeted gross national product growth of 4 per cent this year is still attainable. This is despite OPEC's recent price increases and last week's hike in key German interest rates.

A bullish note is sounded in the Bundesbank's July report, published to-day. It says that all the latest economic data point to a picture of a broadly-based economic upswing.

According to the report, imports of about the same volume of crude oil and oil products this year would entail a price increase equivalent to ¾ per cent of GNP. But it says that this does not mean a comparable decline in real overall demand can be expected.

The oil price rises, the Central bank admits, could make things more difficult for West German export efforts in parts of the Third World and in certain industrial countries. Export prospects for German industry, however, remain excellent overall, it says.

The depressing effect of increased energy costs on private consumption could be partially offset by a decline in the savings rate. Investment projects undertaken this year were going well, said the report.

● West German car production rose by more than 5 per cent during the first half of the year. Commercial vehicle output, heavily depressed in 1978, increased by 14 per cent.

The Verband der Automobilindustrie, the country's motor industry trade association, warned that the figures had been distorted by production lost as a result of the metal industry strike in the opening months of 1978. Even so, output is continuing at a very high level.

Fund launched for Charter 77 accused

By Anthony Robinson

A SHOW TRIAL of Czechoslovak dissidents next month and reports of a planned crackdown on dissidents throughout Eastern Europe are stimulating protests by West European political parties.

Mr. Eric Heffer, a member of the Tribune Group, yesterday called on the British Labour Party to take a tougher stand against political repression in Eastern Europe and announced the creation of a Charter 77 defence fund for which he is seeking formal support from the party's national executive committee.

Demands for a more outspoken attitude to political repression have been prompted by the arrest last May of 10 prominent members of the Czechoslovak dissident movement, Charter 77, and plans to put them on trial next month on charges of subversion.

Mr. Heffer said the Charter 77 movement was supported by 13 Western Communist Parties and all the European Socialist parties.

BUNDESBANK CHANGES IN PROSPECT

Poehl tipped for top post

BY JONATHAN CARR IN BONN

LEADERSHIP changes are in prospect at the Deutsche Bundesbank, the West German Central Bank. Dr. Otmar Emminger has made clear he would prefer to step down as President at the end of this year.

His position is likely to be taken by the Vice-President, Herr Karl Otto Poehl, with Dr. Helmut Schlesinger, a member of the Bundesbank directorate, moving into Herr Poehl's present job.

A final decision will be taken by the Cabinet in Bonn by the autumn, but it is understood, meanwhile, that Chancellor Helmut Schmidt has come to favour a Poehl-Schlesinger leadership tandem.

It was not always so. Dr. Emminger became president only two years ago after a distinguished career spanning about three decades both at the Bundesbank and at its predecessor, the Bank Deutscher Laender.

His presidency has not been uncontroversial—particularly in the last six months as the economy has moved more strongly out of recession and the Bundesbank has applied monetary brakes, to the discomfort of some at home and abroad.

But there is little doubt he could have had his period of office prolonged beyond this year had he wished. Now 68, he has decided against this.

It is no secret that Herr Schmidt had his eye on a person outside the Bundesbank altogether as a successor to Dr. Emminger. He was Dr. Wilfried Guth, joint spokesman (in effect managing board chairman) of the Deutsche Bank, the country's largest commercial bank.

Herr Karl Otto Poehl

Herr Guth, 60, has long been valued by Herr Schmidt for his advice on domestic and international financial matters.

But he does not seem to have been enthusiastic to leave the Deutsche Bank — even for the Bundesbank.

There are those who note that Dr. Emminger's predecessor, Dr. Karl Klasen, also came from the Deutsche. Yet another Bundesbank leader from the same source might not, it was felt, be a wholly suitable precedent.

That may appear to leave Herr Poehl as third best choice. In fact, no one seriously questions Herr Poehl's competence.

But there are certainly those who feel he is somewhat young for the job (he will be 50 on December 1) and that he has had it a little too easy on the way up. It goes without saying that some envy is mingled with this. But Herr Poehl's unusually relaxed demeanour can unsettle those who feel that an air of Olympian gravity is most appropriate to a central banker, particularly a German one.

The fact is that if Herr Poehl has pursued a somewhat zig-zag course to the top, he has nonetheless done so on oiled wheels.

He appears to have failed in nothing he has undertaken—from early work as a divisional head at the IFO economic institute in Munich, as an economic journalist in Bonn, as a member of the executive at the Federation of German Banks, and then in a series of Government posts, finally as State Secretary at the Finance Ministry.

Not only did he have formal responsibility at the Ministry for domestic and international monetary affairs. He also helped Herr Schmidt on other matters of particular delicacy—including preparations for the Western economic summit conferences, and as the Chancellor's special envoy on a mission to East Berlin.

He went to the Bundesbank as Vice-President in 1977—and it now looks as though he could hold the top job through the 1980s and beyond.

The president is normally appointed for eight years and the term can be renewed. As far as Herr Poehl is concerned, age is clearly no object.

Herr Poehl is known to be a member of Herr Schmidt's Social Democratic Party (SPD) —a fact which has already drawn suggestions from some in the Conservative opposition that the Bundesbank is being "politicised."

The suggestion is that Herr Poehl might be prepared to allow the SPD-led Government more monetary scope than is consistent with the need to hold down inflation—or even that he might be more amenable to pressure from Bonn over development of the European Monetary System (EMS).

All this is unlikely in the extreme. But for those who think there is any such danger, the probable presence of Dr. Schlesinger as vice-president will be a powerful reassurance.

Whatever his political party may be, Dr. Schlesinger is a highly talented economist wholly dedicated to monetary stability, with 27 years' experience in the Bundesbank, five years of it in the directorate.

The likelihood is that from next year, the Bundesbank will again have a well-balanced leadership combination.

After Dr. Klasen and his more conservative deputy, Dr. Emminger, came the Emminger-Poehl tandem. Another personnel change is on the way, probably bringing some alteration in style, but hardly one of policy.

More German aid to Third World urged

BY ROGER BOYES IN BONN

LEADING West German development aid experts yesterday urged private industry to increase its investment in developing countries and step up the transfer of technology from the West to the Third World.

The Deutsche Gesellschaft fuer Wirtschaftliche Zusammenarbeit (DEG), a Government enterprise which provides extra capital and expertise to companies investing in the Third World, said that official aid alone could not adequately raise the technological level of the developing countries.

The aim should be to ensure that developing countries had a 25 per cent share in world industrial production by the year 2000.

Dr. Karl-Heinz Sohn, a senior DEG executive, particularly criticised medium- and small-term enterprises which have tended to invest only token amounts or nothing at all in developing countries.

Thus, about 80 per cent of the investors engaged in DEG-backed projects accounted for only 4 per cent of total investment.

The DEG had allocated DM 122m to German companies in 1978 while the total amount invested in the enterprises co-financed by DEG was DM 405m, Dr. Sohn added.

More than 40 per cent of DEG's new commitments were made to manufacturing industry in 1978 and nearly half of all commitments went to service industries, especially development banks.

In contrast to the general trend of German overseas investment, well over 50 per cent of DEG's new commitments were in Africa.

DEG's concern about the level of private investment is particularly significant because Bonn has repeatedly justified its low official aid programme by referring to the large flow of private capital to the Third World.

Despite an increase of over 12 per cent in the official aid allocations, the Government programme is still well below the internationally set target of 0.7 per cent of GNP. Bonn claims, however, that if private transfers are taken into account, German aid comes to well over 1 per cent of GNP.

But DEG directors made clear that the interest of private investors, especially those from smaller concerns, was flagging. They apparently feel they are handicapped by insufficient capital resources, inexperience abroad, and inadequate planning capacity.

DEG is now gearing itself to compensate for these problems and has underlined that it is prepared to take on an above-average degree of entrepreneurial risk if this will encourage more hesitant German investors.

Christian Democrats likely to oppose Craxi

BY RUPERT CORNWELL IN ROME

THE ITALIAN Christian Democrat leadership met last night to give its verdict on the bid by Sig. Bettino Craxi, the Socialist leader, to form a new administration.

If, as is widely expected, its answer is no, then Italy's six-month-old government crisis looks less soluble than ever.

The growing doubts about Sig. Craxi's chances have been underlined by his announcement yesterday of the second successive postponement in 24 hours of his scheduled second round of talks with other parties, including the Christian Democrats (CD).

If last night's outcome amounts to a veto, Sig. Craxi will probably drop any further plans to meet his putative Government partners, and report back his failure to Sig. Sandro Pertini, the President. At that point, the next move to resolve the crisis is anyone's guess.

The only realistic ground for doubt over the Christian Democrat attitude lies in the profound and open split within their ranks over the Craxi initiative.

But the atmosphere between the long-ruling party and the Socialists, whose co-operation is essential for any majority Government to be formed, has been worsening by the hour.

Last night, leading Socialists (though not Sig. Craxi) were publicly castigating the Christian Democrats, and warning that refusal to countenance a Socialist Prime Minister for the first time could drive the Socialist Party (PSI) into formal opposition alongside the Communists.

The "left wing" of the CD, grouped around Sig. Benigno Zaccagnini, the party secretary, yesterday again came out adamantly against the Craxi experiment, at any price.

Sig. Zaccagnini already faces an uphill battle at this autumn's party congress, and simply cannot afford to appear as the man who not only allowed the Presidency to slip into Socialist hands, but the Prime Ministership as well, for the first time in 34 years.

But his opponents within the party, in particular Sig. Amintore Fanfani, the Senate president and former Prime Minister, and Sig. Antonio Bisaglia, look on Sig. Craxi in a more friendly light.

Their motives are in part a genuine desire to lock the PSI back into a new version of the centre-left formula of the 1960s, but almost certainly more to pull the rug from beneath Sig. Zaccagnini.

The signs, however, are that Zaccagnini supporters still hold the upper hand in the party's controlling group. One of them yesterday summed up his feeling with the observation: "Better Berlinguer (the Communist leader) than Craxi."

A further, and less expected blow to the Socialist leader came last night when Sig. Bruno Visentini the Republican Budget Minister, cast polite but pointed doubt in a newspaper interview on a Socialist's ability to be Prime Minister.

Sig. Visentini was recently a front-runner for the task of forming a government, but turned the offer down.

Giles Merritt examines Belgium's bid to revitalise its steel sector

Politics bedevil restructuring plan

THE DEGREE to which the Belgian steel industry restructures itself, say officials at the European Commission in Brussels, may well be crucial to the success or failure of the overall Community plan for streamlining the sector and making it internationally competitive by 1983.

The lingering suspicion is that Belgium will fail to make the massive rationalisations needed, and will thus upset the delicate political balance now being established between the major EEC steel-producing countries over which should bear what share of the brunt of restructuring.

Belgium's steelmaking capacity is disproportionately high: at 19.5m tonnes yearly it is not far off Britain's total 1978 output of 20.3m tonnes. Yet the signs of that capacity's being reduced to the Community's targeted average figure are few. The aim is that capacities should be reduced to a level where actual production is only 15 per cent lower than potential output, but Belgium's output of 12.6m tonnes last year means that its steel industry would have to undergo cruel surgery.

Belgium's volatile politics have played their part in creating the uncertainty that still surrounds the future of the steel sector. With the exception of the modern Sidmar sheet steel plant which Luxembourg's ARBED operates in Flemish Ghent, the Belgian steel companies are the core of the hard-pressed industrial base of Francophone Wallonia. Dutch-speaking Flanders is resentful of the funds poured into the seemingly bottomless hole of Wallonia, even though worsening unemployment there is doing nothing to ease political tensions.

The result has been that the Belgian State's much heralded BFrs 60bn (about £1bn) rescue plan has progressed little further than the drawing board. The Belgian Government has, however, embarked on the preliminary financial operation that will inject massive doses of capital into the industry. It has just taken a 28.9 per cent stake in Liège-based Cockerill, the country's largest steelmaker, which last year lost BFrs 7.5bn on sales of BFrs52bn, and is now taking steps to acquire a 46.33 per cent holding in Hainaut-Sambre, which in a complicated shareholding reshuffle is to become the dominant company in the Charleroi basin.

The snag is that although the financial spring cleaning should signal the start of a five-year investment programme in the Liège and Charleroi steel industries, there remains one last political stumbling block. Last month, Cockerill's chairman, Baron Clerdent, announced the launch of the BFr 26bn modernisation plan, which compares very favourably with 1978 investments of a mere BFr 1.8bn. But it fell to the country's steelmakers' association, the Groupement des Hauts Fourneaux et Acieries Belges, to point out that until the steering committee that is to oversee restructuring is appointed, all investment projects remain blocked.

The Groupement des Hauts Fourneaux urged an end to the delays that have bedevilled the Government's appointment of the Comité Nationale de Planification et Controle, and warned that Belgium's steel restructuring programme now has to catch up on two lost years. For the effort aimed at revitalising Belgian steel has to date been a stop-go affair.

In 1977 the industry, driven by the cold winds of recession, had begun to plan a major cost-cutting and rationalisation drive. Production had fallen from 16m tonnes in 1974 to 11.3m tonnes, which meant that instead of operating at just 10 per cent under full capacity, that figure had fallen to 40 per cent. Employment in the industry had fallen during the period from 53,400 to 46,200 and the Government had brought in a team of McKinsey consultants to draw up a synchronised programme for saving Belgian steel.

The McKinsey report forms the basis of the restructuring plan that has been adopted. But the consultants found themselves analysing an industry made up of unusual paradoxes. Perhaps the first paradox was that the start of the McKinsey study coincided with a sudden hiccough in the Belgian steel industry's somewhat ad hoc restructuring effort. Political pressures generated by the country's perennial Flemish-Wallonn split dogged the industry then as now, and in 1978 the rationalisation drive had been slow so that only 1,200 steel workers were shed, and that was largely through natural wastage.

It is, however, the structural contradictions that are the most evident. Belgium's steel producers enjoy an extraordinarily high productivity rate. At 212 tonnes per man-year, the country easily outstrips the reputedly efficient West German industry, where the figure is only 192 tonnes. Yet a close look at the plant efficiency of the industry showed that in some operations Belgian producers were coping with outmoded equipment, and that in both Liege and Charleroi, the poor siting of 19th century steel complexes pose major problems for modernisation. Coking plant and blast furnaces were singled out for drastic investment, while overall, McKinsey concluded that Belgium has to make the same giant strides in restructuring as France, the UK and some sections of the West German steel industry.

Belgian productivity is constantly improving, so that last year a record 6.5 man hours per tonne of steel was reached, against 7.7 the year before. But wages are second only to Holland, so that the Belgian steel industry has apparently begun to price itself out of its own domestic market. Export-oriented Belgian steel makers had nevertheless been able to rely on selling 30 per cent of production at home, yet that figure has lately been cut in two to nearer 15 per cent. Belgian industry now imports more than

The Sidmar steelworks on the Ghent canal.

half its steel requirements.

So far, the only important restructuring move in Belgium's 1979-83 plan has been the decision to close the Marchienne division in Charleroi, which was Cockerill's chief producer of long products. But that subtracts only 1.2m tonnes from Belgian capacity. Belgium's product mix, and the balance between long and flat rolled items is generally satisfactory, although the steel industry has been criticised for its failure to diversify down-stream into fabrication activities.

The real uncertainty that still remains is the scale of the Belgian streamlining, and the speed with which it will be put into effect.

The latter remains a political problem, while the answer to the former question is contained in secret sections of the yet unpublished McKinsey report.

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Israeli Cabinet dispute shatters public confidence

BY DAVID LENNON IN TEL AVIV

ISRAEL'S CABINET was plunged this week into the worst domestic crisis it has faced in two years of Government after it failed to back the Finance Minister's plan to abolish subsidies on basic consumer commodities.

Mr. Simcha Erlich, the Finance Minister, tendered his resignation and was only stopped from leaving when Mr. Menahem Begin, the Prime Minister, said he, too, would quit if Mr. Erlich went.

The Deputy Finance Minister announced he was "suspending" himself and going on holiday, while two senior Treasury officials resigned. Others may follow suit.

Mr. Simcha Erlich: threatened to resign

The crisis which has shattered public confidence in the Government developed on Tuesday night when an emergency Cabinet meeting was called in secret.

With the economy beginning to overheat and inflation running at 80 per cent, the Cabinet was asked to approve the abolition of subsidies which would save the Treasury some I£6,000m (£104m) this year. That is in line with the Government policy of liberalising the economy.

But when the Ministers heard that this would mean the doubling of the price of items like milk and bread, they refused to approve the plan. The meeting ended with no decision being taken.

The deteriorating state of the economy had already shaken the public's faith in the Government, and this latest display of indecisiveness deepened public dismay.

Not only the entire opposition, but many members of the coalition parties called for heads to roll. The opposition Labour Party, which a few weeks ago was backing away from the prospect of an early election, has now demanded that elections should be held immediately.

The colourless Finance Minister has been the butt of public criticism in the past, but this time at least half the MPs of his Liberal Party have joined in calls for his resignation.

Mr. Begin may have forestalled this possibility by his tried and tested manoeuvre of offering to resign himself, but it is unlikely that the Government can complete the remaining two years of its term without a major reshuffle.

Public support which the Government earned for its handling of the peace negotiations with Egypt has been eroded by its erratic handling of domestic issues. Recent public opinion polls show it falling behind the Labour Party and likely to lose power if elections were held now.

The Government yesterday announced a 40 per cent increase in the price of petrol and a 55 per cent increase in meat prices and has promised to reduce subsidies on a gradual basis. But the damage has been done and it is doubtful if the Government can survive another crisis like that which rocked it this week.

Disunity at the OAU summit

BY MARK WEBSTER IN MONROVIA

BITTER EXCHANGES between heads of state over the issue of Tanzania and Uganda has broken every unwritten rule of the organisation of African Unity. For the summit always tries to make the most of whatever unity exists and prefers never to talk in public about areas of disagreement.

The dispute over who did what in Uganda has highlighted the difficulties faced by the OAU in doing anything positive to resolve potential conflicts. The row at the summit started when President Jaafar Numairi of Sudan stated as chairman he had been unable to condemn any member state for aggression. He would have had to call a plenary meeting.

The bitter argument which followed was largely provoked by President Julius Nyerere of Tanzania's statement from the floor of the conference that Sudan wanted to put the victim in the dock and not the aggressor.

Later exchanges between President Godfrey Binaisa of Uganda and President Olusegun Obasanjo of Nigeria blew the issue wide open bringing the session to a close. It was an extraordinary event which demonstrated most effectively how little power the OAU has to influence the course of events.

The normal procedure for a summit meeting is that a drafting committee takes over a subject once a member country has submitted a proposal. But the drafting committee's work is often heavily altered by the Council of Ministers which sits for two weeks before the heads of states meeting starts.

The ministers' job is to produce a resolution to which all the OAU will agree. But the final resolution is often too innocuous to have much impact. At the present summit the issues were expected to be: the Middle East, Southern Africa, Tanzania-Uganda, Chad and the Western Sahara. Apart from Tanzania and Uganda they all look like ending in mild compromise resolutions.

But it would be wrong to judge the OAU on the strength of its public displays. Much of the work is carried out in private session or in talks between heads of state who can meet privately in the accommodation provided for them without the usual attendant publicity.

Nonetheless, there is a growing feeling among members that the Organisation needs more power to be effective.

Hindu extremism

The group which led to Desai's downfall

By K. K. Sharma in New Delhi

FASCIST, anti-democratic and communal—that is the description of the Rashtriya Swayamsewak Sangh (RSS) given recently by one of its leading opponents. That, indeed, is the popular impression about the RSS, whose links with the Jana Sangh faction in Mr. Morarji Desai's Janata Party are at the root of the present Indian political crisis.

Because the tightly knit RSS helped the Jana Sangh become the best-organised faction in the Janata, it was seen as posing a threat to the less well-organised groups in the coalition. This prompted a campaign against "dual membership" of the two organisations which has now led to Janata's disintegration and Mr. Desai's downfall.

Current denunciations of the RSS are based on the belief that it is behind the growing number of communal clashes in the northern region, particularly in the states of Uttar Pradesh and Bihar where the bulk of the vulnerable Moslem community, estimated at just over 80m, is concentrated.

The Moslem community has its own communal organisations, which have been found responsible for inciting Moslems where they are in a majority. Their actions are probably a defensive reaction to Hindu militancy.

Although RSS leaders call their organisation a non-political, cultural organisation, its true character is seen in its military-style drill sessions and periodic indoctrination of its youthful members. Although the leaders are elderly men, it recruits the young, mainly in the Hindi-speaking northern belt.

The ability of the RSS to infiltrate key organisations such as Government employees unions and police societies have made it feared. Its numbers are unknown but could be several million.

The RSS is primarily concerned with uniting all Hindus, regardless of caste or regional considerations and with reviving the country's pre-Islamic Hindu culture. Its strength lies in its impressive discipline. No RSS member would think of challenging the line handed down from Bala Saheb Deoras, the present head of the organisation.

David Dodwell previews the Geneva conference on Indo-China refugees

More cash and commitment sought

WESTERN NATIONS will be outlining their plans to provide permanent bomes for more refugees from Vietnam at the two-day international conference of refugees from Indo-China that opens in Geneva today. They will also be putting pressure on Vietnam to slow down the exodus. Hanol bas agreed to attend tha conference, but it bas also threatened to walk out if it becomes the focus of attack.

The Geneva meeting, at which some 70 nations will be present, was suggested by Mrs Margaret Thatcher, the British Prime Minister. Her proposal subsequently had strong backing from the EEC and the countries of South-East Asia wbo have most seriously felt the strain of a massiva flight of mainly ethnic Chinese. Vietnam has tried to limit the agenda of the conference to humanitarian issues.

Around 380,000 Indo-Chinese refugees are now in camps around South-East Asia. Of these, about 165,000 bave fled overland from Laos and Kampuchea into Thailand. Of tha remainder—the "boat" refugees from Vietnam—73,500 are in Malaysia, 43,000 in Indonesia and 66,000 in Hoog Kong.

Three significant developments bave precipitated today's meeting. First, the trua scale of the tragedy is only now becoming clear. Second, the countries of "first asylum" in South-East Asia refuse any longer to bear the brunt of problems created by the exodus. Third, the United Nations High Commission for Refugees (UNHCR) is running out of cash to deal with the numbers fleeing Indo-China.

It has become clear tbat a buge proportion of those fleeing Vietnam by boat are never reaching land. A West German spokesman io Hong Kong estimates that 70 per cent of those leaviog Vietnamese shores drown at sea. If this is correct, then around 500,000 refugees have died trying to leave.

The countries around the South China Sea who bave been forced to offer refuge to increasing numbers of refugees in recent months have been under serious strain.

The Malaysian Government shocked the western powers into action wben it declared on June 18 that no more Vietnamese boat people would be allowed to land on Malaysian soil unless it received commitmeots from the West tbat the 73,500 refugees already in Malaysian camps would be accepted elsewbere.

Malaysia bas been widely criticised for its bard-line action, bnt it bas proved remarkably effective.

When leaders of the Association of South-east Asiao Nations (ASEAN), representing Thailand, Malaysia, Singapore, Indonesia and the Philippines, met in Bali io late June, Malaysia won active support. Both Thailand and Indonesia agreed to close their doors to newly arrived refugees.

Despite interoational criticism, Malaysia has stuck to its guns. Over 18,000 refugees bave been towed out to sea in 85 boats in the past month.

The crisis shortage of cash at the UN High Commissioo for Refugees has only recently become apparent, bnt it is understood that on June 1, ooly $3m was left in the fund to cope with refugees in South east Asia. The High Commission pays for the cost of all refugee camps io Malaysia and Indonesia, and for a third of those in Hong Kong. It also contributes substantially to the cost of feediog and keeping refugees in Thailand.

By June, it became clear that running costs bad grown to around $10m a month and that the sbortfall by December would be over $50m.

First and foremost, today's conference will be a pledging conference, where Western oations boost both their intake of refugeea and their cash contributions to the High Commissioo.

Several countries bave already acted. The U.S. has agreed to donble its refugee intake from 7,000 a month to 14,000 a month. This week the Britisb Governmeot agreed to accept a further 10,000 refugees. Australia is to take a further 10,500 in addition to the 24,000 already accepted, and Canada has agreed to increase its quota from 1,000 to 3,000 per month.

Many other countries can be expected to detail new commitments during the course of the two-day meeting. China, for example, bas made an undefined commitment to take more refugees. It is estimated that more than 230,000 Vietnamese of Chinese ethnic origin (most of them from the north of Vietnam) bave already fled into southern China.

Extra cash bas also been promised. The U.S. is boosting its refugee budget by $150m to around $500m, while Japan, wbicb bas so far refused to absorb significant numbers of refugees, has committed itself to financing half of the High Commission's budget for Indo-Chinese refugees.

Proposals to establish more transit camps around South-east Asia are likely to be relegated for consideratioo at a later stage. Moreover all delegates agree that a true solution to the problem will only be found if Vietnam can be persnaded to moderate its persecution of its ethnic Cbinese minority.

It is unclear bow far western nations will press this political point at the Geneva meeting. They may reserve their main denunciatioo of Vietnam for a full session of the UN General Assembly or the Security Council. The Vietoamese delegation io Geneva can oevertheless expect considerable criticism, and a protest walkout by Vietnam is quite likely.

INDO-CHINA REFUGEES ACCEPTED FOR SETTLEMENT

Country	Number accepted (1,000)	Area (1,000 sq m)	Number per 1,000 sq m
U.S.	238	3,614	66
China	235	3,706	63
Taiwan	1	13.8	72
France	52	213	243
Australia	24	2,968	8.0
Canada	16.4	3,560	4.6
Hong Kong	4.8	0.4	12,000
Germany	3.9	96.0	41
Britain	3.7	94.2	39
Malaysia	2.1	128	16
Switzerland	1.7	15.9	107
Belgium	1.3	11.8	107
New Zealand	1.1	104	11
Others	3.95	489	159.2
Total	589	(including more than 95,000 boat people)	

Military police chief to step down in Iran

TEHRAN—General Said Amir Rahimi, Iran's controversial military police chief, is due to announce his resignation later this week as part of a deal between the Government and the ruling clergy to avoid a full scale cabioet crisis.

General Rahimi refused yesterday to confirm he was about to step dowo, but it was nnderstood that he would announce bis resignation at a oews conference on Saturday.

His defiance of a Government decisioo to dismiss him 10 days ago sparked a military and political crisis. Ayatollah Ruhollah Khomeini (tbe unofficial bead of state) overturned the dismissal order, a move which bighlighted the Government's lack of independent authority.

Meetings between cabinet members and senior clergy io the holy city of Qom on Wednesday and a marathon cabloet meeting yesterday could be the prelude to an orderly Government reshuffle in the oext few weeks.

Geoeral Rahimi is understood to have agreed to a request from Ayatollah Khomeini to step down in the interests of national unity, but added that he might be appointed to a senior post in the oear future.

The man wbo signed bis dismissal order, Defeoce Minister Taql Alahi, tendered his resignation earlier this week but it was rejected by the government of Premier Mebdi Bazargan, pendiog the Qom meetiogs.

The Governmeot decided to dismiss General Rahimi 10 days ago after be told a news conference there was a plot afoot among senior officers to oust him and weaken the revolution.

He bas taken a bard line on violence in Irao's ethnic provinces and has called oo the authorities to appolnt hlm commander of Iran's western front wbcre Kurds and Arabs are seeking autonomy.

Reuter

CARTER ADMINISTRATION SHAKE-UP

Aides dismiss market impact

BY STEWART FLEMING IN NEW YORK

TWO SENIOR Administration officials yesterday rejected suggestions that President Carter should have handled the reorganisation of his staff with greater attention to the implications for financial markets and the dollar.

Mr. Robert Strauss, Presidential adviser, questioned about the reaction of the world financial community said that he was not certain the dollar was being "driven down" as a result. "We cannot run our business in our country just to satisfy foreign capital."

In a television interview, Mr. Jody Powell, the President's Press Secretary, said that the stock market and other institutions had a history of over-reacting to major changes in the political system. "You cannot let that bar a President from taking action that he needs to take o set his Administration in proper shape."

The officials' comments came amid continued uncertainty in U.S. financial markets about the impact of the recent weakness of the dollar on domestic monetary policy. Yesterday morning, the Federal Reserve intervened in the short-term money markets to increase market liquidity, with federal funds trading at 10¾ per cent. This has been taken as indicating that, in spite of the international upheavals, official monetary policy is unchanged.

Nevertheless Wall Street is not discounting the possibility that if the dollar remains under pressure the Fed will, for international and not domestic policy reasons, either tighten its monetary policy through allowing a rise in the target Federal Fund rate, or raise the discount rate.

As one economist pointed out, with so many officials in Washington apparently "off the job," the Fed is the only agency which can act decisively and quickly should the pressure on the dollar continue to build up.

So far, foreign exchange traders in New York are giving the central bank credit for handling the recent weakness of the dollar well. They also say that there are significant differences between the dollar's weakness now and the problems it faced last year. One pointed out that the Fed now has much stronger resources with which to intervene and has shown it is willing to use them.

So far the dollar's weakness had not resulted in the same market reaction as in October and speculation against the dollar had not been as broadly based.

Yesterday morning, in response to a better showing by the currency earlier in the day, New York's bond and money markets were firmer. However, there is still considerable uneasiness about the dollar. In part related to the possibility that Mr. Michael Blumenthal, Treasury Secretary, could be replaced.

House votes to slash foreign aid

WASHINGTON — The House of Representatives voted yesterday to slash the U.S. contribution to the World Bank to $163m in the next financial year. The Administration has asked for $1.025bn.

The House voted to cut 2 per cent from U.S. support to the International Development Association, the World Bank affiliate that aids the poorest countries, and 2 per cent from the U.S. contribution to the Inter American Development Bank.

It also voted to prevent U.S. contributions to the International Development Association from being used to aid Vietnam.

The votes were taken on a $7.9bn foreign aid appropriations Bill. The Administration is expected to try to restore the cuts when the Bill reaches the Senate.

Reuter

Sandinistas take Managua

MANAGUA, the Nicaraguan capital, fell to Sandinista guerrilla forces soon after dawn yesterday and, according to U.S. officials, talks later started between a five-man left-wing junta and National Guard leaders on a transfer of power.

The officials said a party including representatives of the five-man junta had flown to Managua from Costa Rica. The party had also included Sr. Emilio Jimenez, the Dominican Republic's Foreign Minister and acting chairman of the Organisation of American States, and prominent clergy.

The guerrillas broke into the fortified presidential office in central Managua, last stronghold of the Somoza forces, soon after dawn.

Hundreds of National Guardsmen threw down their weapons and surrendered after the guerrillas stormed their stronghold.

Earlier, hundreds of guards in civilian clothes had been seen fleeing from Managua, some commandeering aircraft at Managua airport.

Dr. Francisco Urcuyo

Dr. Francisco Urcuyo, who became interim Head of State after his predecessor, General Anastasio Somoza, fled to the United States on Tuesday, was reported to have flown to Guatemala on Wednesday night.

Dr. Urcuyo had been expected to hold office only briefly until power could be handed over to the Sandinistas. But on Tuesday he abruptly announced he intended to stay on in a move which angered the U.S.

A local radio station in Managua was taken over by the guerrillas yesterday and began broadcasting revolutionary music and political manifestos.

Mexico has recognised the junta as the legitimate government of Nicaragua and Sandinista supporters have begun seizing Nicaraguan embassies in Europe without opposition from Somoza appointees.

In Washington ten demonstrators seized the second floor of the Nicaraguan Embassy yesterday but were quickly overpowered by police.

A Roman Catholic nun who was visiting the embassy at the time said one of the demonstrators had told her: "We are taking this embassy for the new government."

Agencies

Ixtoc oil slick reaches shore

MEXICO CITY — A 24-mile long oil slick has been washed up on the shores of Veracruz state after drifting from the oil well Ixtoc 1 which blew out and caught fire last month.

The oil was washed ashore near Tuxpan, 150 miles north of Veracruz city, and 240 miles from the oil well in the Bay of Campeche.

The Mexican Government oil company, Pemex, has been battling with oil slicks since the well blew out on June 4. Ixtoc I has been spewing at the rate of 30,000 barrels a day and only half the oil is burning.

AP

Seven nuclear stations reopen

BY DAVID FISHLOCK, SCIENCE EDITOR

SEVEN Babcock and Wilcox nuclear stations in the U.S. of the same type as the Three Mile Island 2 unit seriously damaged in an accident in March have been brought back into service with the approval of the U.S. nuclear inspectors.

But an eighth station, Three Mile Island 1—the twin of the damaged reactor—may not be allowed to generate power again until late next year.

It will take that long, the nuclear inspectors believe, to negotiate all the steps in the licensing procedure laid down by the Nuclear Regulatory Commission (NRC).

The other seven stations were shut late in April, following pressure from the chief nuclear inspector, who was asking the NRC to close them for modifications and to allow their operators to be retained in emergency procedures.

Rather than wait for the NRC formally to revoke their operating licences, the four electricity companies involved voluntarily shut down their plants.

A plan worked out by Becbtel, the engineering consultants, for the owners of the damaged Three Mile Island 2 reactor suggests that workmen could enter the reactor by the end of the year.

But first, the owners, General Public Utilities, must find a way of removing and storing over 500,000 gallons of highly-radioactive water.

Only then will they be able to start remotely-controlled "washing" procedures to reduce the radiation inside the plant to levels where workmen will be permitted to enter.

The total cost of the repair job, including replacement of the reactor core, has been estimated at $400m. The plant is insured for $300m.

In addition the utility is faced with a barrage of lawsuits.

According to the U.S. newsletter Nucleonics Week, a consolidated class action complaint has been filed in the U.S. district court in Harrisburg, Pennsylvania, on behalf of everyone living within 25 miles of the reactor. The suit specifically asks for medical examination of everyone living within the 25 miles radius four times a year for the next 20 years.

Petrol reserves improve slightly

By David Lascelles in New York

THE LATEST petrol figures issued by the American Petroleum Institute, the oil industry trade group, show a slight improvement in petrol stocks in the week ended July 13 in spite of a slight drop in production from the refineries.

Average daily production was 7.1m barrels, down from 7.4m the week before, but stocks rose from 232.5m barrels to 233.2m. This compared well with the 226.2m barrels in stock in the same week last year.

Imports of crude oil and petroleum products totalled 8.4m barrels a day, higher than the 8.2m barrel limit set by President Carter. But it was unusually high (400,000 above the total of a week earlier) and it occurred in the week before the new limit was imposed.

Airline fined over maintenance

BY JOHN WYLES IN NEW YORK

THE Federal Aviation Administration has fined Pacific Southwest Airlines $385,000 for violation of maintenance procedures in what appears to be a tougher approach to the issue in the wake of the disaster at Chicago.

There will be considerable sympathy with the airline's angry complaint that it was being "singled out in an arbitrary manner to demonstrate a new get-tough policy of the FAA."

While Pacific Southwest was obviously concerned about the impact on its public image, the FAA is almost certainly equally concerned to demonstrate that it is exercising to the full its responsibilities for ensuring that maintenance procedures are adhered to. Although a final determination of the Chicago crash has not yet been made, the FAA has already indicated that faulty maintenance procedures at American Airlines were a major factor.

The fine levied against Pacific Southwest is the maximum that can be applied by law, which limits the penalty to $1,000 per violation.

According to the FAA it discovered 385 violations of maintenance regulations on Boeing 727s. The FAA alleged that the airline operated two aircraft in January and February for a total of 135 flights when the jets had cracks in forgings in their main landing gear. The FAA has told the airline that its alleged violations pointed to a pattern of deferred maintenance and a tendency to fly aircraft in an "unairworthy" condition.

Pacific Southwest said it would appeal to the National Transportation Safety Board and that it could and would "refute each violation." It claimed that there were only ten categories of violation with which it had been charged but that the number in each category brought the total infractions to 385.

THE JARI PROJECT IN BRAZIL

Brasilia decides on intervention

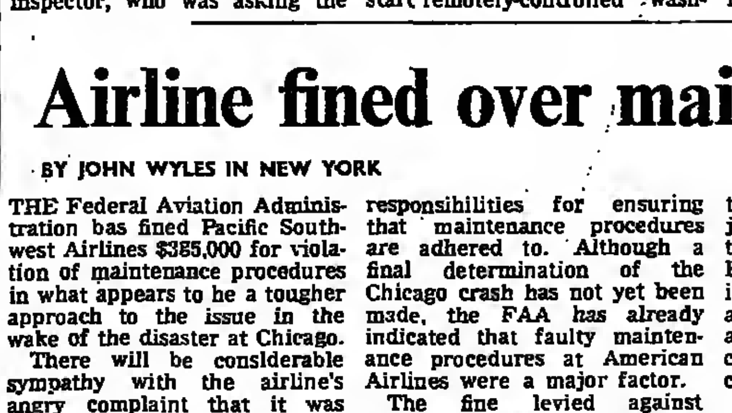
BY RIK TURNER IN SAO PAULO

THE BRAZILIAN GOVERNMENT'S decision to intervene in the administration of the Jari mining, forestry and agricultural project reflects a change in attitude from previous governments, where the project's organisers were left alone to develop what has been called a "state within a state" in the Amazon region.

The two-day visit of Mr. Mario Andreazza, the Interior Minister, to Jari also showed marked differences from those of previous Brazilian officials. Presidents Giuseppe Medici and Ernesto Geisel followed an itinerary prepared by the management, whereas Sr. Andreazza took a party of Brazilian journalists with him and made a point of seeing what he wanted to see.

He visited the shanty town of Beiradao, which has grown up on the opposite side of the Jari river from the project's administrative centre, Monte Dourado. Beiradao's inhabitants, who live without the minimum infrastructure necessary for health and welfare, form a useful supplement to Monte Dourado's labour force.

Jari had its beginnings in 1948, when local landlord "Corooel" Jose Julio sold the territory which became the nucleus of the project to the



Jari Comercio e Navegacao Company. After Brazil's military coup in 1964 Sr Roberto Campos, then Minister of Planning (and now Ambassador to Britain) went to New York to seek potential investors in Brazil. One of them was Mr. Daniel Ludwig, who showed interest in Jari as a site for a woodpulp project.

The same year Mr. Ludwig gained control of the enterprise, renamed it Jari Florestal e Agropecuaria, and in 1967 began heavy investment in the project, estimated at $750m so far. The figure will increase to $1.5bn to achieve the objectives of the project. The woodpulp plant, Facel, which was built in Japan and floated up the Amazon, is designed to produce 750 tons of pulp a day, or 260,000 tons annually. All this will be exported.

To produce the wood pulp, Jari introduced an Asian tree, *Gmelina Arborea*, converting the heterogenous Amazonian forest into a homogenous one. Sr. Luis Antonio de Oliveira, the project director, claims that this has not caused an imbalance in the region's ecosystem, since the Gmelina forest is more efficient in its oxygen use. Some 70,000 hectares of Gmalina have been planted.

Another Jari company, Cadam, is developing production of 220,000 tons annually of kaolin, white clay used in ceramics and special papers. Again this will be for export.

The aspects of the project which prompted Sr. Andreazza's visit were, he stressed, administrative rather than technical. Jari runs its own police force, schools, hospitals, port and airport, with no control by the Brazilian authorities. A working party has been set up to impose a Brazilian administrative structure within two months, and the armed forces will shortly establish a presence in Jari.

Another problem is the boundary of the project. While Jari is registered with the National Institute of Colonization and Agrarian Reform (INCRA) as containing some 600,000 hectares, it has already spread to 1.6m hectares, and now lays claim to a further 1.1m hectares. If this claim were upheld, Jari would actually spill over into Venezuela.

Yet another problem concerns Mr. Ludwig's desire to donate a majority holding in Jari to a Swiss cancer research foundation on his death. The legality of such an action is being questioned, and since Mr. Ludwig is already 80, the Brazilian authorities are seeking to resolve the matter soon.

Japan wins back major Chinese contracts

By Charles Smith, Far East Editor in Tokyo

CHINA HAS validated all but one of 22 plant contracts signed by Japan towards the end of 1978 and suspended in February. The exception is a Y15bn (£30m) petrochemical plant contract signed by Toyo Engineering Company and Mitsui Bussan, on which negotiations continue.

The reason for delay on the Toyo contract is that Peking's municipal government is involved in the downstream portion of the complex to which the plant belongs and has yet to decide how it will finance its involvement in the scheme.

Japanese companies which had signed plant contracts in China received telex messages last February from the state trading companies which were to have bought the plant, informing them that import licences were not available from the Chinese Ministry of Foreign Trade and that implementation of the contracts was accordingly being suspended.

The value of the contracts involved was put at $2.6bn, including the $2bn Paoshan steel works for which Nippon Steel Corporation is the main contractor.

China has reinstated the suspended contracts after completing negotiations with Nippon Steel on a deferred payment formula for the Paoshan plant (in place of the cash payment terms laid down in the original contract).

The formula provides for a 10 per cent down payment to be followed by instalment payments spread over five years. The interest of 7.25 per cent is in line with the OECD "gentlemen's agreement" on the deferred payment financing of plant sold to developing companies.

Payments for the Paoshan plant will be made half in yen and half in dollars, splitting the exchange risk involved in deferring payments over five years.

The remaining suspended plant contracts have been revalidated by China on the original cash payment terms, somewhat to the surprise of Japanese exporters who anticipated requests from China for some form of credit financing.

This has been made possible because of the conclusion of a $2bn syndicated loan agreement between China and group Japanese banks (last May).

A minor but significant change in China's handling of the suspended plant contracts is that the majority have now been included within the terms of the eight-year trade agreement signed between China and Japan last year whereas previously a number of contracts were outside the terms of the agreement.

China has the option to include or exclude plant contracts from the agreement (under which it is pledged to buy U.S.$8bn worth of Japanese plant over an eight-year period up to 1985). Inclusion of more contracts within the long term trade agreement reduces China's obligation to place further contract orders in order to fill its side of the agreement.

China has not been asked by Japan to accept price increases or to make penalty payments on any of the suspended contracts despite the fact that the four-month delay in the implementation of the contracts has imposed a financial burden on the Japanese companies concerned.

Negotiations on further new plant contracts are understood to be moving slowly, in part because China now wishes to steer Japanese companies into joint ventures in preference to direct plant sales.

Japan is studying the new Chinese law on the establishment of joint ventures with foreign partners but most companies appear unenthusiastic about it. One point made by China trade specialists in Tokyo is that the law exists in something of a vacuum given the absence of supporting patent or company legislation.

Japan's trade with China grew by 56.3 per cent during the first six months of 1979 hitting a record level of $3.53bn. Exports to China rose 66.2 per cent to $2bn while imports from China increased 42.7 per cent to $1.3bn.

Export thrust key to new U.S. Trade Department

BY DAVID BUCHAN IN WASHINGTON

THE Carter Administration yesterday proposed a sweeping reorganisation of international trade functions within the Federal Government that upgrades further the policy role of the White House trade representative, currently Mr. Robert Strauss, and creates a renamed and revitalised Department of Trade and Commerce.

A key change would switch responsibility for enforcing U.S. anti-dumping and countervailing duty laws from the Treasury, often accused by domestic industry of being lax and dilatory to the renamed Commerce Department.

But Administration officials insisted this was not a protectionist move, but a step towards greater efficiency and co-ordination.

Both Mr. Strauss and Mr. James McIntyre, the Budget Director, presenting the proposals yesterday to the Press, stressed the reorganisation was to improve the U.S. export thrust and to give a higher priority to trade.

The proposals bore the mark of hasty preparation—Mr. Strauss said it had not yet been decided whether they would be presented as a Bill to Congress or implemented by Mr. Carter's executive authority. The haste was the pressing need to unlock the GATT trade legislation in the Senate Finance Committee, some of the members of which last week insisted they would hold the GATT package hostage until the Administration unveiled its trade reorganisation proposals.

Mr. Strauss was confident yesterday the proposals would find broad support in the Senate Finance Committee and in the House of Representatives though he conceded it might not satisfy some Senators who wanted a totally new Trade Department created from scratch.

The GATT legislation has already swept through the House by a big majority, and Mr. Strauss, who is shortly to leave his present job to take on the current Middle East talks, expected a Senate vote on the Geneva agreements next week.

Ford to spend $76m in Argentina

BY JOHN WYLES IN NEW YORK

FORD MOTOR COMPANY plans to consolidate its dominance of the car and truck market in Argentina by spending $76m over the next two years on retooling and expanding production.

Ford's development plan comes at a time when Chrysler Corporation, which holds 13.3 per cent of the Argentinian car market, and Volkswagen are discussing possible joint ventures in the country. General Motors closed its operations last year because it found the market too competitive to yield reasonable profits.

In the first half of this year, Ford took 49 per cent of the Argentinian truck market and 30 per cent of the car market with combined sales of 40,800 units. Its car sales were well ahead of its nearest rivals, Ika-Renault and Fiat, which both held 16 per cent.

Ford now plans to spend $40m on expanding overall production capacity with the balance of the investment earmarked for doubling the size of the company's parts warehouse and for retooling some vehicle lines. Ford sells three models of passenger cars and several truck sizes.

WEST GERMAN OIL IMPORTS

Iran resumes role of top supplier

BY ROGER BOYES IN BONN

WEST GERMANY imported more oil from Iran in June than at any time since the revolution which overthrew the Shah, according to figures issued yesterday by the Economics Ministry.

Iran exported 1.6m tonnes of oil to West Germany and thus again assumes the role of Bonn's primary supplier of crude. Before the Iranian crisis, West Germany imported about 12m tonnes annually from Teheran. But Iranian crude imports have lagged throughout the year and in March reached a low of 300,000 tonnes.

The latest increase at least partly reflects higher production levels in Iran. Monthly production in Iran is now understood to be approximately 17m tonnes (4m barrels a day) which is however still significantly below the pre-crisis level of 23m to 24m tonnes.

Deutsche Shell has also pointed out that much of this extra production has ended up on the Rotterdam spot market so that Iranian oil is now extremely expensive. The West Germans paid on average 18 per cent more for crude imports (not just from Iran) during June compared with June 1978.

In the first half of the year, Saudi Arabia proved to be the largest exporter of oil to West Germany with 8.8m tonnes compared with 6.7m tonnes in the first six months of 1978. Libya was second with 8.4m tonnes against 7.6m tonnes in the first half of 1978. Nigeria, in third place, recorded the most dramatic increase in exports to Germany—8.3m tonnes compared with 3.9m tonnes.

Britain, Germany's fourth largest supplier, also more than doubled its oil exports in the first half with over 5m tonnes compared with 2.5m tonnes in the first half last year. It was in seventh position.

The figures indicate, as the Government has said, that there is no shortfall problem. Total oil imports at 53m tonnes in the first half compared with 44m tonnes in 1978 and demand up by only about 2 per cent. West Germany appears in a fairly stable position.

The problem will be how far the West German oil companies can re-build their stocks of domestic heating oil during the second half, as these were seriously depleted during the first six months of the year.

$30m bond issue seen in Jordan's airliner plans

BY RAMI G. KHOURI IN AMMAN

ALIA, THE STATE-OWNED Jordanian airline, is likely to float a Jordanian dinar-denominated local bond issue worth about $30m (£14m) to complete the financing package for its upcoming purchase of five wide-bodied jets.

Mr. Fahed Fanek, Alia's vice-president for finance, said that depending on which plane is chosen, Alia will need $200m-$250m to buy the five new jets.

If an all-American jet is bought, such as the DC-10 or Boeing 767, the Export-Import Bank would provide 85 per cent of the $200m cost at 8.75 per cent for 10 years after delivery.

If the European Airbus A-310 is chosen, 80 per cent of the $200m cost would be provided by the French, West German and British state export credit institutions at a blended interest rate of 8.45 per cent over 10 years from delivery.

If the Lockheed Tristar is chosen, it would have Rolls-Royce engines and would cost $250m for five planes, with both the Ex-Im Bank and the British ECGD providing 85 per cent of the financing package.

The balance of 15 per cent would come from a Jordanian bond issue that would probably be managed by the Arab Finance Corporation of Jordan, according to Mr. Fanek, at a fixed interest rate of around 8 per cent.

Fall in Swiss watch exports predicted

By John Wicks in Zurich

THE SWISS watch industry anticipates a fall in exports this year, both in volume and value.

This is stated in a report prepared by Union Bank of Switzerland, which says the development of the Swiss franc exchange rate, particularly against the dollar, will remain decisive for Swiss watch sales. Business is expected "to stabilise at least" in the current third quarter, with new orders probably at about the low level booked for the corresponding 1978 period.

A survey conducted by the Bank among watch industry undertakings shows that most companies are expecting deterioration in profitability this year. In the light of the continued restructuring of the watch industry, including the partial shifting of watch and watch-component production to other countries, the U.B.S. report forecasts a further decline in employment.

Figures recently published by the Association Federation Horlogerie point to an 8.4 per cent drop in exports of watches and watch movements over the first five months of 1979 to a value of SwFr 985m (£262m). Since this drop was primarily concerned with products in lower price groups, the fall in volume terms was of as much as 22.5 per cent to 18m pieces.

Calcutta hit by dispute

BY P. C. MAHANTI IN CALCUTTA

THE PORT of Calcutta remains paralysed as stevedores refuse to employ labour belonging to the Dock Labour Board.

The stevedores say that the workers have been undisciplined and violent and have been assaulting and intimidating stevedores in recent weeks.

The local stevedores' association served notice recently on the port trust authorities that unless effective steps were taken against the offending workers the stevedores would cease work altogether.

Under the present system the stevedores can hire labour for loading and unloading work on ships only from the Dock Labour Board, which employs some 13,000 men out of a total workforce of 42,000 employed at the port. But only the Dock Labour Board workers do loading and unloading and are hired for the purpose by stevedores who are all private individuals or companies.

Battle continues over Dutch airport

BY MICHAEL VAN OS IN AMSTERDAM

THE MANAGEMENT of Amsterdam's Schiphol Airport said that provided permission for a second terminal is granted, its passengers and aircraft handling capacity would be such that a second major Dutch airport would not be needed before the turn of the century.

Schiphol director Mr. J. W. Wegstapel said he was confident that the decision of the province of North Holland to reject the terminal would eventually be reversed.

KLM, the Dutch national carrier, as well as the Ministry of Transport, which is responsible for the airport, have appealed against the decision of the provincial authorities, which fear that such a terminal would mean a further postponement of the plans for a second national airport and that a further expansion of Schiphol would cause too many environmental problems.

The province also objects to the construction of a fifth runway at Schiphol for the same reasons, to the annoyance of both Schiphol and KLM, who said that more and more quiet aircraft would be introduced in the coming years.

However, the Transport Ministry is said to be working on a compromise solution which would involve turning the current fourth runway which is causing most of the noise problems.

In its annual report, Schiphol said that the second terminal, for which space has already been reserved, was essential for its future and any obstacles to the airport's further growth would seriously damage its own position as well as the national and regional economies and employment at the airport, where 26,000 people work.

Schiphol's current passenger handling capacity is 18m, and the second terminal would double this figure. In 1978, the total number of passengers taking off from and landing at Schiphol amounted to nearly 9.5m, up 6 per cent from the year before. The number of aircraft movements was up 2 per cent to 143,000. Aircraft capacity is put at 250,000 movements a year.

Mr. Wegstapel said provisional figures for the first half of this year had shown a substantial improvement from the same period last year. The total number of passengers was up 7 per cent, largely thanks to the 25 per cent rise in North Atlantic travel, and freight handled again showed an increase (11 per cent) after a disappointing performance last year.

Schiphol reported a profit of Fls 6.8m (£1.5m) in 1978, compared with a loss of Fls 3.7m in 1977. However, since accounting principles were changed last year, the comparable loss figure for 1977 would have been Fls 2.6m.

Asked what impact he expected on traffic from the troubles with the DC-10 and above all the increased fares as a result of higher fuel prices, Mr. Wegstapel said: "We expect another good year at Schiphol. It will be important what happens to the economy as a result of the energy situation. But I do not think that increased fares will deter people from flying as much as they used to ..."

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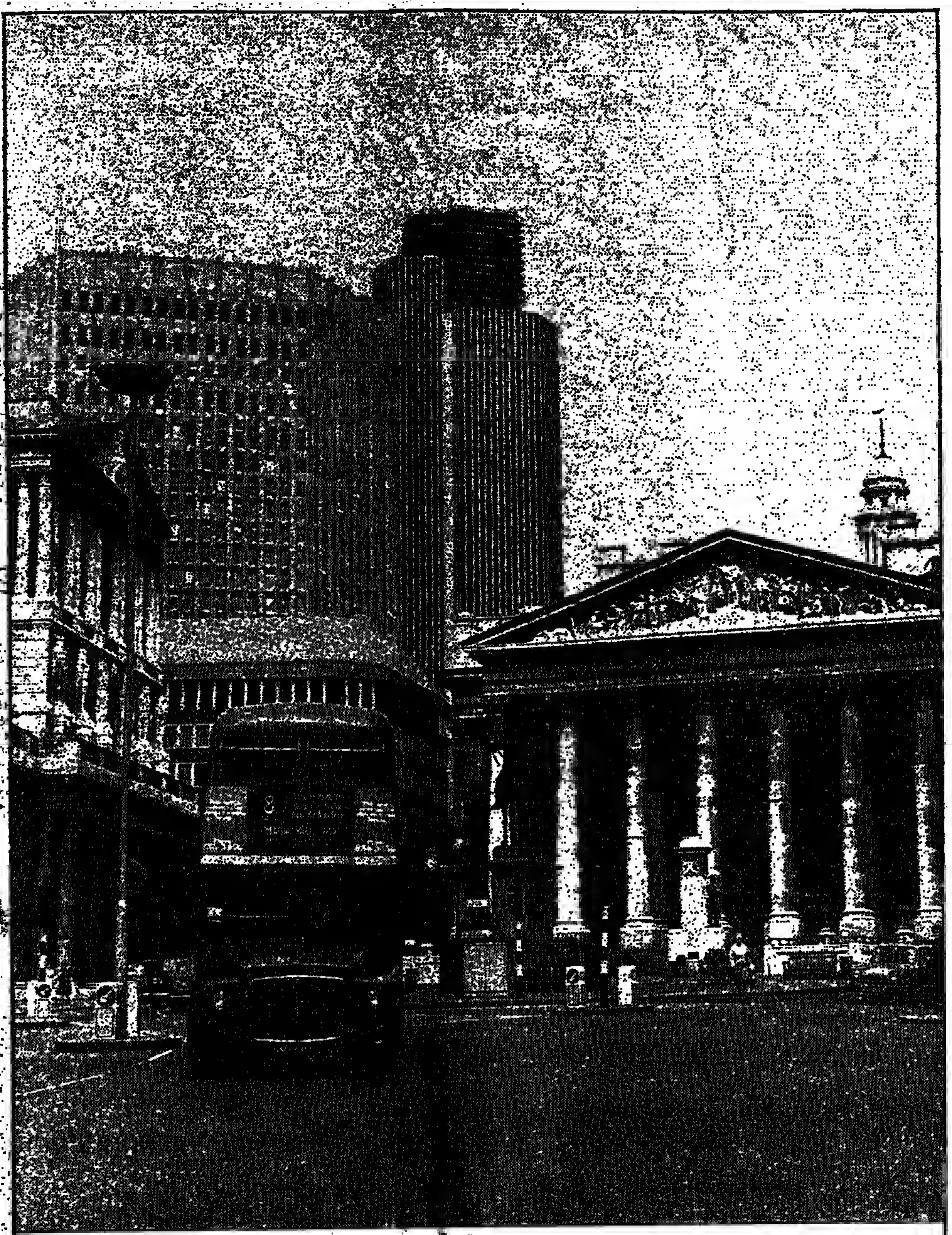
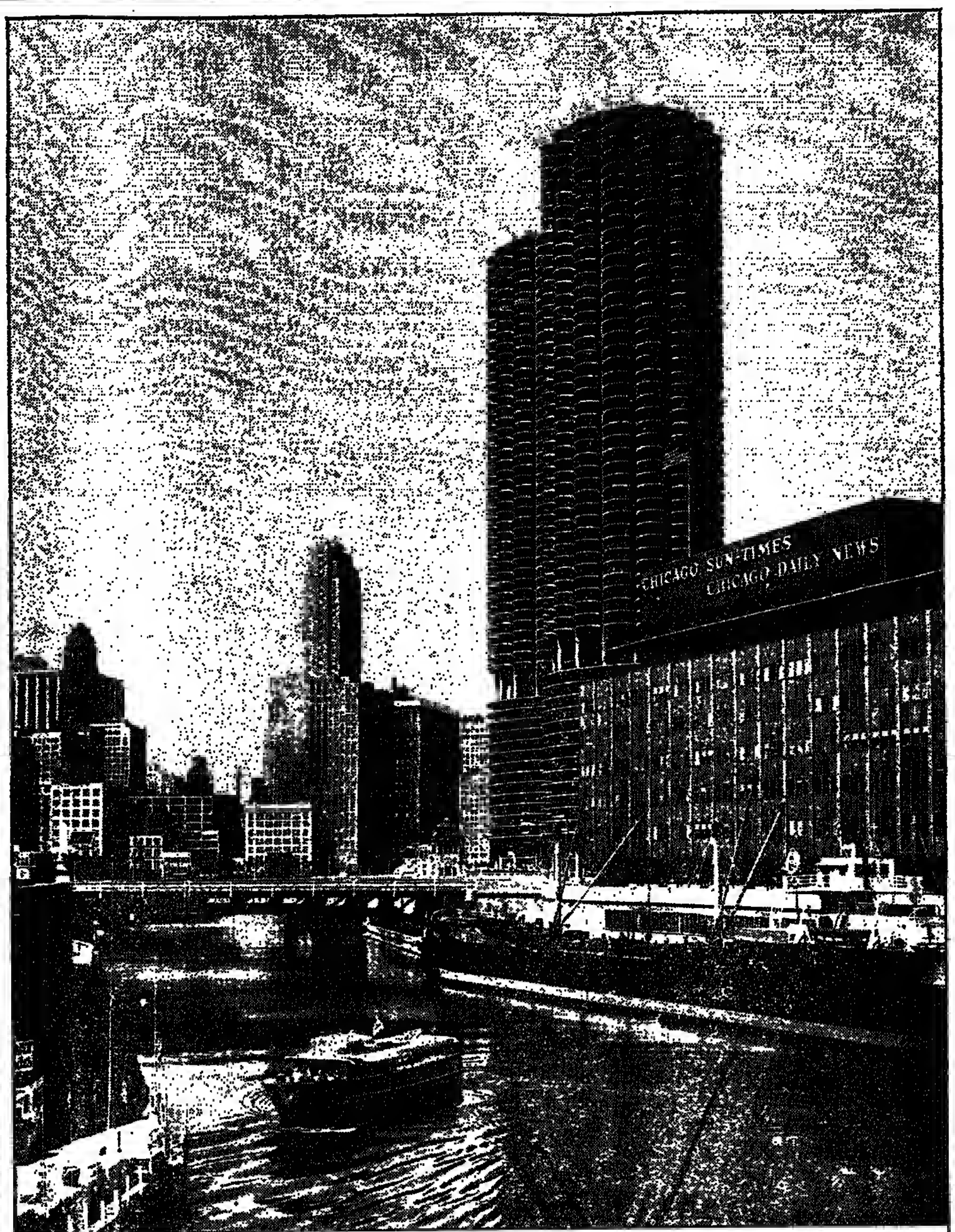


City of London. Average prime office rental £17.00 per sq. ft.



City of Chicago. Average prime office rental £8.80 per sq. ft.

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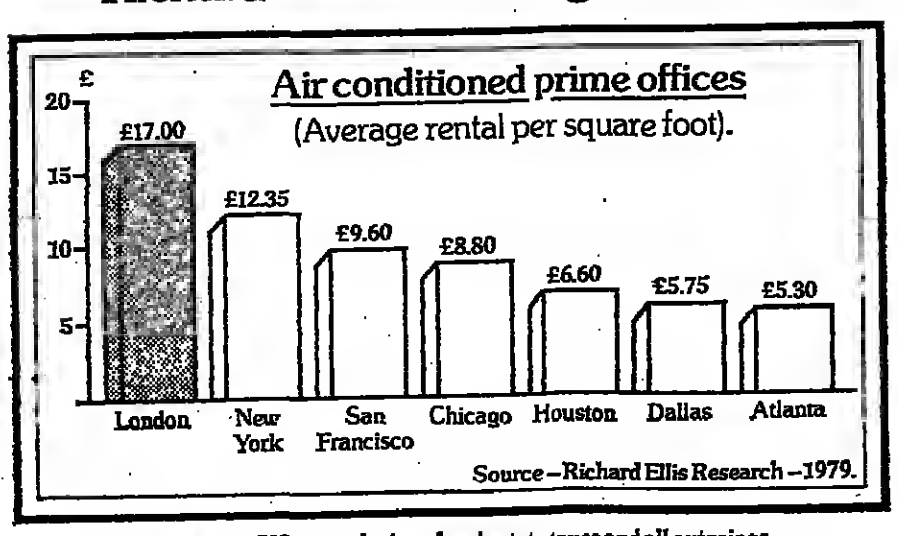

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For more information on American or other international investment markets contact Andrew Huntley or Chris Budden at Richard Ellis, 64 Cornhill, London EC3V 3PS. Telephone: 01-283 3090.

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'Vital role of nuclear power'

BY DAVID FISHLOCK, SCIENCE EDITOR

WITHOUT NUCLEAR energy, living standards could be seriously reduced, Mr. David Howell, Secretary for Energy, said in his first public statement on Britain's nuclear policy in London last night.

The Government sees "a vital role for nuclear power" as part of a balanced energy policy also founded on coal and on the conservation of energy, said Mr. Howell.

Nuclear power had been represented—"quite unfairly"—as a threat to the society. But Britain could not have a balanced energy policy without a substantial nuclear element. "The simple fact facing the country is that there could be very serious consequences for the standard of living of all our community without nuclear power."

Mr. Howell was speaking at a party in London celebrating the 25th anniversary of the UK Atomic Energy Authority, the Government's main agency for nuclear energy.

His speech underscores statements the Prime Minister made recently in Tokyo and Strasbourg on the urgent need for more nuclear energy.

People sometimes ask whether we need to maintain the nuclear power option at all, said Mr. Howell. "My emphatic answer is that we do."

There was scope for debate about forecasts in energy policy "but on any realistic assumption we shall find it difficult to meet energy demand at tolerable prices without a contribution from nuclear power."

This was a fact of life facing every industrialised country, as the Tokyo Economic Summit had recognised, he said.

Mr. Howell made no mention of a new programme of nuclear station construction. But he spoke of the importance of "continuing nuclear power station orders" to meet Britain's long-term needs. "Because of the long lead times involved in the construction of new stations this Government will give the growth of nuclear power the priority it deserves."

He stressed three points. First, that nuclear safety is of "paramount importance." The record was excellent "but we can never afford to be complacent."

Second, that Britain needed a stronger nuclear design and construction industry. The Government recognised the importance of resolving "uncertainties" in the industry's organisation.

Third, that nuclear power must never be regarded as an end in itself. There were ways in which savings of at least 30 per cent in energy consumption could be won using "proven

● Figures to be released next week are expected to show that the proportion of nuclear electricity generated in Britain last year fell from a 1977 level of about 14 per cent. No new plant was brought into service, and some of the older reactors were shut down for repair.

It is likely that the gap in British generating costs between nuclear power and coal narrowed last year, in spite of a large increase in the price of coal. But nuclear electricity remains cheaper than either coal-fired or oil-fired electricity.

By the mid-1980s, Britain is expected to be obtaining over 20 per cent of its electricity from a pattern of generating plant distributed approximately as follows: coal-fired, 53 per cent; oil-fired, 26 per cent; nuclear, 11 per cent; and other fuels, 10 per cent.

Factory closure to cost 100 jobs

BY ROBIN REEVES

A NORTH WALES subsidiary of SCM, the U.S.-owned typewriter manufacturer, is to close today because of sterling's strength against the dollar, the company said yesterday.

The closure, at Porthmadog in Gwynedd, will result in the loss of more than 100 jobs. The SCM factory has been the only significant manufacturing employer in the town.

An added blow for Porthmadog is that only this week it was downgraded from special development to development area status in the Government's regional aid cutbacks, in spite of a local unemployment level of 8.5 per cent.

Until recently, the SCM Porthmadog factory was producing some 1,300 typewriters a week, mainly for export to the U.S. At one stage as many as 230 people were employed. The closure will also result in more than 100 redundancies at SCM's West Bromwich factory which produced components for assembly at Porthmadog.

There is bitterness locally over the parent company's refusal to discuss alternatives to outright closure, such as utilising the Government's short-time working compensation scheme.

Porthmadoc earne dsubstantially increased profits when sterling plummeted against the dollar in 1976 and the group had a record year worldwide in 1978 with income before tax of $51.5m.

Union representatives and the local MP, Mr. Dafydd Wigley, offered to fly to New York to discuss the difficulties with SCM, but there was no response from the parent company.

The feeling locally is that the Porthmadog closure and the West Bromwich redundancies may be connected more with SCM's acquisition last November of Olivetti's Glasgow factory than with sterling's strength against the dollar. The company began production of a new typewriter model in Glasgow for the European market in May.

Gwynedd's industrial development officer said yesterday he hope dthat a company looking for a stable workforce already skilled in manufacturing assembly could be found to take over SCM's factory premises in the near future.

£5m plant plan is first casualty of regional cuts

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE FIRST casualty of the Government's decision to cut regional assistance emerged yesterday when U.S.-owned Signode decided to think again on its plan to invest £5m on a new steel strapping line at its Swansea plant.

Mr. Tom Erwin, managing director of Signode, said that as a result of Swansea being downgraded from a development area to intermediate status the company would no longer be able to receive grants towards the project which almost half the outlay. It might also find it more difficult securing selective assistance under sections 7 or 8 of the 1972 Industry Act.

"We have been negotiating for further expansion for some time," Mr. Erwin reported. "The Board in Chicago wanted to go elsewhere in Europe, but I managed to persuade them that Swansea was the right place. Now that the grants are being cut I don't think we shall be able to go ahead with our expansion in Swansea.

"The final decision is up to Chicago. I shall be having further talks with officials, but it looks black here at the moment."

Signode makes steel strapping for the packaging industry. It began manufacturing in Swansea in 1951 though it opened an assembly plant there earlier, during the war. It employs 570 people and the installation of an extra line would have added about 40 people to the workforce.

The biggest gain, though, would have come from the export potential of the new investment. A line produces some 25,000 tons a year which gives a turnover from it of about £12.5m.

Mr. Elwyn said: "We already export 30 per cent of our products, and it was intended that almost all the output from the new line would go to Europe. Britain will, therefore, lose about £12m for its balance of payments."

Mr. Erwin also believed that firms would have less incentive to stay in the regions with the reduction of grants. He thought it inevitable that there would be some movement back towards the South-East if only to shorten lines of communication.

Plan to cut wholesale drug profit margins may lead to legal battles

BY SUE CAMERON, CHEMICALS CORRESPONDENT

MOVES by some major drug companies to cut UK pharmaceutical wholesalers' profit margins could lead to legal battles in both Europe and the U.S.

The National Association of Pharmaceutical Distributors has responded to the cuts by hiring a legal specialist "to investigate whether there have been or are likely to be any breaches of U.S. or European anti-trust law" by the big drug manufacturers. The association said its investigation would cover "pricing policy, restrictive agreements and general market behaviour."

This follows a decision by the U.S.-based Merck, Sharp and Dohme group to make an overall cut of 2.4 per cent in pharmaceutical wholesalers' profit margins. The UK-based Glaxo drugs group is also understood to have made a cut in wholesalers' profit margins.

The drug companies' aim in cutting profit margins is to try to stop breaches of the official pharmaceutical resale price maintenance scheme. Resale price maintenance which still operates for pharmaceuticals although it has been abolished for nearly all other products, bans wholesalers and retail chemists from selling prescription drugs for less than the price laid down by the manufacturers.

But wholesalers have found ways of bypassing the scheme which was designed to protect the sick from drug price wars. Both pharmaceutical manufacturers and drug wholesalers now seem to agree that resale price maintenance has broken down.

Merck, which sells a substantial proportion of its products directly to retail chemists, said resale price maintenance was "going by the board." It stated that as a result of the discounts offered by many wholesalers, its own direct sales to retail chemists had been hit.

The company added that wholesalers must be operating on large margins otherwise they would be unable to give big discounts on sales. It said it had decided to cut wholesalers' margins to regain some of the direct retail business it had lost.

It is thought that about 33 per cent of Merck's business used to be through direct sales to chemist shops, whereas the effective ending of resale price maintenance has cut the figure back to roughly 15 per cent or 16 per cent.

Glaxo said yesterday that it had altered its price structure to wholesalers to try to enforce resale price maintenance.

The National Association of Pharmaceutical Distributors, which represents around 90 per cent of UK pharmaceutical wholesalers, said it was in favour of resale price maintenance but it felt some of the drug manufacturers had tried to operate the system too inflexibly.

It added that it hoped to complete its investigation into the possibility of taking action against some of the drug companies in a month's time.

'Too many lawyers' soon

THE NUMBER of solicitors is increasing by 2,000 each year and the present 34,000 total could double in 30 years, says an article in the Law Society Gazette.

"The possibility that there are too many aspiring solicitors is a problem," according to solicitor Geoffrey Sturgess, who writes that 2,000 lawyers are qualifying each year.

"*Quite clearly at such a rate* many newly qualified solicitors will find it impossible to obtain jobs in the profession for which they have spent a minimum of five and a half years' training."

Global economic recession is one of the reasons blamed for increasing numbers turning to the law in this way.

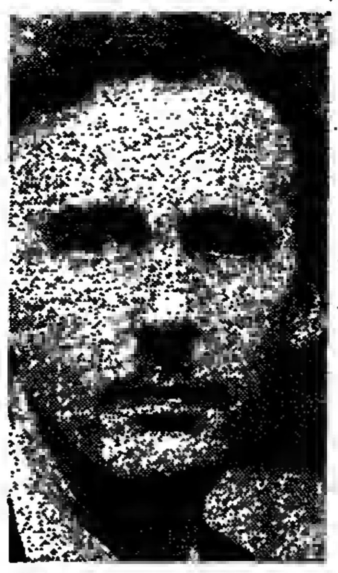
It has meant that people who would otherwise become entrepreneurs or go into productive industry turn to the professions and service industries for security.

No rush to Europe on eased controls

BY JAMES BARTHOLOMEW

THE INVESTMENT community unanimously welcomed yesterday the relaxation of exchange controls announced on Wednesday.

But few expected the sudden rush into shares of EEC companies, which can now be bought without payment of the investment currency premium,



MR. NICHOLAS GOODISON
"Welcome reform"

to develop into a major change in British investment habits.

London brokers and jobbers mentioned their difficulties in profiting from any increased European investment there may be.

"A very important and welcome reform," commented Mr. Nicholas Goodison, chairman of the Stock Exchange in Birmingham.

He said he had been campaigning for a long time for a reduction in governmental interference and a return to "the disciplines of free markets."

"Too many controls weaken the pre-eminence of London as a world market and as the financial centre of the European Economic Community."

Fund managers, while welcoming the moves, said that they would not invest substantially more in Europe, because the prospects there for the time being were not exciting, and the local stockmarkets underdeveloped.

America, followed by Japan and other traditional areas of British investment, would probably continue to predominate.

The professional investors had long put all they wanted to in Europe through loans, said the investment manager of a leading merchant bank.

The main effect of the relaxation would be to make them consider whether to repay some of their currency loans.

Brokers and jobbers nonetheless reported an upsurge in inquiries and deals on their European desks. Wedd Durlacher, the jobbing firm, did twice the normal business.

Vickers da Costa, the broking firm, said it had been overwhelmed by inquiries from people wanting to know the details of how the new rules would work. But the number of deals actually done had not risen in proportion.

Vickers said that a lot of new business would go to local brokers, because anyone going through a London broker would normally pay double commission, one to the London and one to the European broker.

Rolls-Royce wins engines order for Army's new tank

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

ROLLS-ROYCE MOTORS has won an international rivalry to provide engines for the next generation of main battle tanks for the Army. The deal eventually may be worth well over £70m to the company.

The Ministry of Defence announced yesterday that the company's new Condor 1,500 hp diesel engines would be used in the main battle tanks, called MBT-80, under development for service with the Army from the late 1980s.

Rolls-Royce's rival in the fight was the U.S. Ovco Lycoming AGT-1500 gas-turbine engine, already under development for the new Chrysler XM-1 tank for the U.S. Army.

Mr. David Plastow, group managing director of Rolls-Royce Motors, said: "This has not been a push-over for us. We have never before been grilled so technically in depth as we have over this contract."

The Ministry plans eventual production of over 1,000 of the new tanks for the Army, and provision of Rolls-Royce engines for these alone would be worth more than £70m, perhaps running to as much as £100m if transmission and other equipment is included.

Mr. Plastow made clear that Rolls-Royce Motors hoped for substantial export orders for the engine, not only in tanks for armed forces, but also as power-units for vehicles such as tank-transporters, in ships, and as electricity generating units.

"Over the next 15 to 20 years, we might be able to double the value of the Ministry's order, both at home and overseas," he said.

The immediate short-term effects of the decision on the company's Military Engine Division at Shrewsbury would be small, because it would help to take up much of the slack created by the loss earlier this year of the Iranian orders for engines for over 1,200 Shir Iran tanks.

The Ministry said that its choice of the Rolls-Royce engine was made after detailed study of the two available power plants.

"The operational performance of the Rolls-Royce and U.S. engines would have been broadly comparable," it said. "But the AGT-1500 is designed for the U.S. XM-1 tank, and together with its associated transmission would have required substantial modification for MBT-80, while its fuel consumption is also expected to be higher."

Standardisation

The RollsRoyce engine will ensure for the Army a considerable amount of standardisation in power plants, saving substantial sums.

The diesel engine is more easily adaptable to such other machines as armoured recovery and bridge-laying vehicles.

The Army is already well acquainted with diesel engines, which have been used in previous tanks and other vehicles, so that training and maintenance will be cheaper than with new gas-turbine engines.

The MBT-80 is in the project definition stage. It is intended to be the successor to the Chieftain main battle tank in the late 1980s and beyond.

The new tank will be required to match the latest developments in Soviet and Warsaw Pact tanks, through to next century.

Other elements of MBT-80 already settled include a 120mm rifled-bore gun and provision of the new British-developed Chobham armour, highly resistant to anti-tank ammunition.

Mr. Cyril Stein, chairman of the Ladbroke Group, which was refused renewal this week of four London casino licences, at Heathrow yesterday before flying by Concorde to New York.

"It's very much business as usual," he said, "I have got business to do but I'm not selling. I'm going to buy something."

He said it would be the gaming, hotel and leisure group's first major investment in the U.S.

It would not be in the casino business, a spokesman for Ladbroke said later.

Consumer spending rises sharply

BY DAVID FREUD

CONSUMER SPENDING rose sharply in the April-June period to a further all-time peak.

The Central Statistical Office's first preliminary estimate of expenditure in the second quarter was £17.6bn, an increase of 3.5 per cent over the record £17bn of the previous quarter.

The main areas of growth were retail sales, alcoholic drink and cars and motorcycles. A large part of the gain is likely to have been due to beat-the-Budget spending.

CONSUMER SPENDING
1975 prices seasonally adjusted

	£m
1978	
1st quarter	16,334
2nd	16,456
3rd	16,831
4th	16,818
1979	
1st quarter	17,021
2nd*	17,609

* First preliminary estimate.
Source: Central Statistical Office

The jump in spending is the largest in the post-war period, except for the 3.6 per cent rise in the first quarter of 1973.

As in 1979, the exceptional 1973 increase was partly due to anticipated changes in indirect taxation, in this case the changeover from Purchase Tax to VAT on April 1.

Changes in VAT and specific duties were widely expected before both the 1979 Budgets and in addition there was heavy spending in the week before announced changes in VAT came into effect.

Spending on alcoholic drinks is thought to have increased by about 9 per cent between the two quarters, while car and motorcycle sales were up by roughly 32 per cent.

There was a 15 per cent rise in spending on household durables, evenly spread between furnishings and electricals, even though VAT on the former increased three times as much as on the latter.

However, there was a sharp fall in expenditure on fuel and light compared with the first quarter, when the weather was far worse than in most years.

Early analysis of the figures also suggests that the increase in petrol prices and the scarcity of petrol in some places had a considerable impact in reducing motoring.

Reliant Robins recalled for modification

ALL 47,000 Raliant Robin three-wheel cars, first built in 1973, are being recalled by the company to have a strengthening bracket fitted to their steering systems.

Reliant will also be checking some of the vehicles for a steering column modification which followed a previous re-call about two years ago.

The company said yesterday that there was nothing serionaly wrong with the ateering and the recall was being made because of further research into the component. Reliant said that to its knowledge no accidents had been caused by the steering system.

Record for John Lewis watercolour

A WATERCOLOUR by John Frederick Lewis of "Lord Ponsonby's horses beld by grooms" sold for £32,000, plus the 11.5 per cent buyer's premium and VAT, at Sotheby's yesterday.

It was an auction record for a watercolour by Lewis. The work was acquired by the Fine Art Society.

A view of Florence by Turner made the aame sum in an auction of British drawings and watercolours which totalled £253,530.

Another good price and artist record for a watercolour was the £20,000 for "Joshua spying out the land of Canaan" by John Martin. Colnaghi paid £14,000 for "Satan and Beelzehub" by Sir Thomas Lawrence and Hazlett Gooden and Fox, £7,500 for Richmond Park, also by John Martin.

Silver at Sotheby's totalled £161,566. A George II cake basket sold for £5,500 and a Charles II cylindrical tankard for £5,200. At Sotheby's Belgravia a record auction price of £10,500 for an item of Satsuma, a large jar and cover, was paid by Spink.

At Christie's Godson, the London dealer, bought a 17th century Flemish oak press for £6,000.

SALEROOM

BY ANTONY THORNCROFT

Securities dealers seek early talks on new laws

BY CHRISTINE MOIR

THE NEWLY formed Association of Licensed Dealers in Securities is seeking early talks with the Department of Trade and the Council for tha Securities Industry, which are proposing stricter regulations to cover dealers' activities.

At its quarterly meeting today, the CSI will table a draft code of conduct for licensed dealers—those who deal in securities outside the Stock Exchange and tha banking system and need a licence from the Department of Trade.

The Department's involvement is through the proposed stricter regulations embodied in the Prevention of Fraud (Investments) Bill.

Under pressure from these separate but parallel regulatory moves, the association was formed lata in May. Until then there was no organisation to speak for the 320-odd holders of principal's licences for dealing in securities.

These include about 80 investment managers and dealers. 30 *or so dealers in overseas securities* outside the Stock Exchange, and a similar number of financial advisers and merger brokers.

The remaining are drawn from groups such as accountants, discount houses, commercial banks and individuals whose activities include dealings.

The association now claims to have applications for membership from more than 60 of these principals and expects eventually to have over 100 members.

Its aim is to represent members before such bodies as the Department of Trada and Council of Securities Industry, to make information on "off exchange" share trading more generally available, and ultimately to act as a self-regulatory body to improve standards in the industry.

The founding council is chaired by Mr. Robin Hodgson, former Conservative MP for Walsall North, and a director of M. H. Nightingale, a leading firm of dealers which specialises in transactions in unliated securities traded "over the counter" with the permission of the Stock Exchange.

Mr. Michael Nightingale, who formed the steering committee which set up the association, is also on the council.

Other members are Mr. Michael Ingall, of Dunbar and Co., bankers, Mr. Geoffrey Pointon, a Leicester insurance broker and financial advisar, and Mr. Robert Sandell, an investment manager.

BEN WRIGHT ON THE OPEN GOLF CHAMPIONSHIP AT LYTHAM

Putting a Spaniard in the works

IT IS HARD to remember when the cream last came to the top so quickly in an Open championship. The leader board last night was *almost* overloaded with thoroughbreds, and only two outsiders remain.

Hale Irwin, who won his second U.S. Open just over a month ago and is an obvious favourite to win here, leads tha *tournament* at six under par with three holes to play.

But the real fireworks have been exploded in the miserable cold of a brisk north-westerly wind by the glamourous Spaniard, Severiano Ballesteros, who birdied four of the last five holes to equal the best round of the championship of 65, achieved by Scotsman Bill Longmuir, the overnight leader, on Wednesday.

After rounds of 73 and 65, Ballesteros has a four under par total of 138, and, God bless him, Longmuir has held himself together with the utmost courage to complete the dust-strewn course in 74 shots for a three under par total of 139.

The hot favourite, Tom Watson, added a second round of 68 to his first of 72, for a two under par 140, while Denis Clark of New Zealand has had rounds of 72 and 69 for a one under par total of 141. The next best British golfer at present is Ken Brown (72, 71—143) a total shared by Bob Byman of the U.S., while at 144 come the Japanese pair, Isao Aoki, the reigning world match play champian, Jumbo Ozaki, and Lee Trevino.

Jack Nicklaus enjoyed a brilliant outward half of 30 shots, five under par for the distance, and he got to within one stroke of Irwin with a birdie at the 10th, his fifth in six holes. But then, with all the hard work to be done, Nicklaus, just as he did yesterday, came *apart* on the inward half.

Intelligence

He was hunkered at the short twelfth, played an irresolute recovery, and took five, and dropped another stroke at the 14th.

Also on the leader board at that stage were Ben Crenshaw at one under par after eleven holes, and Australia's Grahame Marsh, who was level par at the same stage in his second round.

But back to the hero of the day, the remarkable Ballesteros. I am continually astonished by the high intelligence of this brilliant young man. Just three years ago, he could hardly speak a word of English, but yesterday he brought the house down with a series of amusing wisecracks in this, a strange tongue to him.

Perhaps the most choice remark he made after saying that he had been troubled this year by never being on the fairway fro mthe tee was when he was asked if he thought the fairways were unfairly narrow, Ballesteros replied with that most attractive grin: "I wish the fairways were more narrow. Then everyone would have to play from the rough."

The Spaniard's start was uneventful enough for five holea, although be did hit brilliant bunker shot at the first to save his par. He started to draw the crowds to him like a latterday Pied Piper, whan he re corded birdies at the two part fives, the sixth and seventh, and another at the eighth from 20 feet behind the hola.

Almost immediately Ballesteros faltered with three putts at the short ninth hole, and he missed a similarly short putt afte rhis third hooked tee-shot had caused him trouble at the 10th.

Ballesteros at this stage was told by his partner, Trevino, that he was not clearing the left side, which Trevino asserted had caused him to drag the ball severely left on thre occasions.

Tribute

Almost immediately, the Spaniard over-compensated, and had a struggle to save his par at the 13th. But, despite a drive *to the right of the 14th fair*way, ha holed a 15-foot putt for a birdie there.

Then it all atarted to happen. At the next four holes Ballesteros at last drove into the fairway on each occasion. He chipped in to the hole from 25 yards for a birdie at the 15th, missed a five-foot putt for a birdie at the next, got in a 15-footer after a fine two-iron *shot at the 17th*, and struck a glorious nine-iron shot three feet from the hole at the last to get home in 32 shots, the best inward half of the championship so far, with only 27 putts.

Ballesteros was quick to pay tribute to his partner in four practice rounds, the veteran Argentinian Roberto de Vicenzo.

Watson made his score possible with a birdie two at the fifth hole, after a good six-iron 20 feet away at the par three, an eagle at tha 486 yards sixth, which was played directly downwind, and at which Watson needed only a nine-iron to hit the ball 178 yards to pull up five feet from the hole.

Another birdie at the 551 yards seventh hole helped Watson to reach the turn in 32 shots, and it must be remembered that he made his score when the wind was at its strongest. As evening approaches, and the qualifying axe will fall about three hours from now, the wind has lessened considerably, so a faw of the most fancied players, who earlier faced problems in making the cut, may eventually save their necks.

Among these are Tom Watson, who burdened himself with a 79 on Wednesday, but reeled off three birdies in succession from tha fifth hole onwards, and Gary Player, who has birdied the long sixth and seventh holes to give himself a chance of improving on his first round 77. His son, Wayne, reached the turn in 36 shots, with a good chance of finishing infront of his illustrious father.

Steelmakers call for probe into import reports

PRIVATE SECTOR steelmakers have asked for an immediate Government investigation into reports that a £1.5m shipment of low-priced stainless steel bar is coming to Britain from Brazil.

The British Independent Steel Producers' Association has alerted the Department of Trade to reports that up to 1,200 *tonnes* of the prime grade steel bar—which represents about 20 per cent of the annual British market—is due to arrive aoon.

At a price of around £1,200 per tonne it greatly undercuts the British producer price, which now approaches £2,000 per tonne.

A spokesman for BISPA in Sheffield yesterday said the Brazilian shipment could wreck British market prospects this year.

Equal pay claim sent to European Court

BY OUR LABOUR EDITOR

THE Court of Appeal in London is to seek clarification from the European Court of Justice over a woman's claim that she should have been paid the same wages as a man who held her job before her.

Lord Justice Lawton yesterday said the case was of historical interest since it was the first sent by the court to Luxembourg for an opinion on the construction and application of an article of the Treaty of Rome.

"Further, it may be of constitutional importance if the opinion, when given, conflicts with the clear terms of a statute," he added.

It is believed to be only the second equal pay case to be sent to the European Court. The first was a well-publicised claim brought by a Belgian air hostess.

Mrs. Wendy Smith, who lives in Irchester, Northants, is claiming that when she became manageress of a company's stockroom in Wembley, Middlesex, in 1976, she was paid £50 a week, or £10 less than the man who held the job before her.

McCarthy's, a pharmaceuticals wholesaler, which employed her, unsuccessfully appealed against the decision of an industrial tribunal which awarded her the same wages.

Yesterday the company again argued in the Court of Appeal that the 1975 Equal Pay Act guaranteed equal pay for men and women engaged on "like work" at the same time, not in succession.

Lord Denning, Master of the Rolls, felt that Mrs. Smith was right to compare her wages with those of her immediate predecessor. But Lord Justice Lawton and Lord Justice Cummings-Bruce, the other appeal judges, felt the words of the Equal Pay Act did not support that comparison.

However, they were not sure whether Article 19 of the Treaty of Rome, which English courts must respect, supported Mrs. Smith's claim.

Lord Denning agreed that the case should be adjourned while the European Court's opinion was sought.

● The European Commission of Human Rights is proceeding with a complaint brought by three former British Rail employees dismissed for refusing to join a trade union after a closed shop agreement had been reached.

The employees argue that their dismissal was in breach of the European convention guaranteeing freedom of thought, freedom of expression and freedom of association.

Money supply on rising trend

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply, rose by £580m, or 1.1 per cent, in the five weeks to June 20 on a seasonally adjusted basis.

But M1, the narrowly defined money supply, fell over the month by £180m, or 0.7 per cent. In the last three months M1 has risen by just under 2½ per cent. The fall in June was concentrated in interest-bearing deposits.

Domestic credit expanded by £820m during the month. The main boost came from bank lending in sterling to the private sector—up by £940m. Public sector borrowing of £1.4bn was fully covered by sales of central government debt, mainly gilt-edged stock of £1.45bn in the month.

GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1			Money Stock M3 Sterling			Bank lending*		Domestic credit expansion	
	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
June 21	−312	−28	−0.1	209	402	0.9	637	501	514	517
July 19	763	549	2.3	935	670	1.4	1,005	428	654	122
August 16	135	150	0.6	−487	−225	−0.5	−163	311	−388	−190
Sept. 20	137	249	1.0	478	477	1.0	11	16	540	659
Oct. 18	478	235	1.0	535	365	0.8	415	397	587	496
Nov. 15	40	44	0.2	254	343	0.7	269	443	150	287
Dec. 13	989	585	2.3	950	743	1.5	5	474	1,241	1,092
1979										
Jan. 17	−548	203	0.8	332	1,002	2.0	1,216	495	345	802
Feb. 21	−221	223	0.9	−33	531	1.1	1,214	1,098	386	1,090
Mar. 21	303	5	—	−346	−387	−0.8	427	760	−395	−263
Apr. 18	1,516	788	3.0	1,619	743	1.5	543	528	1,760	846
May 16	−187	5	—	419	659	1.3	620	867	502	932
June 20	−403	−180	−0.7	598	582	1.1	1,082	937	1,103	816

*To private sector in sterling including Bank of England Issue Department holdings of commercial bills.

Source: Bank of England

£3.7m undersea mine project

BY RAY DAFTER, ENERGY EDITOR

THE NATIONAL Coal Board is to spend £3.7m on further development of its Lynemouth-Ellington mining complex in Northumberland, the world's biggest undersea mining operation.

The board said yesterday that the three-year development programme would open up a large area of new reserves, estimated at 50m tonnes, up to six miles out to sea. It would also help guarantee 3,500 jobs at Ellington until at least the end of the century.

The work will entail the construction of extra ventilation airways between the Lynemouth and Ellington mines which now produce 2.5m tonnes a year—more than half Northumberland's output.

The board will drive a new three-quarter mile air intake drift and a 1.25 mile return airway passage. A one mile roadway system in the seam will be remodelled as a return airway.

The complex is the biggest producer of steam raising coal in the North-east. Some 1m tonnes a year of the output is consumed at Alcan's nearby aluminium smelter.

The board also announced it was spending £2m on a new mining technique, using microprocessors to improve control of powered roof supports, at the Dawdon colliery, Durham, in a 200-yard section of the E82R face.

Small companies 'need further tax changes'

BY DAVID FREUD

FURTHER TAX changes are required to improve the prospects for small companies, according to the latest Lloyds Bank Economic Bulletin.

The bulletin says the Budget has helped small companies by reducing high marginal income tax rates, extending stock relief and raising the exemption limit for the investment income surcharge. But the tax system still favours collective rather than individual saving.

There is a shortage of equity capital for small companies which could best be remedied by an increase in retained profits, says the bulletin. This would require a considerable improvement in the economic climate.

Tax concessions were found to be generally more efficient than subsidies in giving Government help to small companies.

Governments are under constant temptation to grant subsidies, because they bring a more immediate political pay-off among clearly defined interest groups. The benefit of tax cuts is wider and harder to measure in detail.

Small businesses group seeks tribunal changes

BY JAMES McDONALD

THE INDUSTRIAL tribunal system should be changed to allow right of appeal by employers and employees says the Forum of Private Business, which consists of about 3,000 small businesses.

Its newsletter says: "Employers need the right to dismiss unsatisfactory employees."

It recommends "establishment of a professional, legally-informed appeal body consisting of, perhaps, a lawyer as chairman, a qualified personnel manager, a trade unionist and an industrialist."

Mr. Stanley Mendham, chief executive of the forum, said it was "iniquitous" that neither employers nor employees could appeal against tribunal decisions.

There should be a charter of rights for individual trade union members said the newsletter, "the principle of which should be that trade unions should be accountable to their members in no lesser way than a employer is accountable to his employees before the law."

Industrial spying curbs sought

Financial Times Reporter

A CALL to make industrial espionage a crime has been made by the Association of British Investigators.

The ABI has written to all MPs in the hope that they will press the Government to act. At the moment companies against which an act of industrial espionage has been committed have no legal redress.

Britain remains the only country in the EEC which does not regard industrial espionage a crime.

According to industrial espionage expert Mr. Vince Carratu more than 60 per cent of the activities which involved the selling and stealing of company information was carried out by disgruntled employees.

Mr. Carratu said that European companies were more realistic about industrial espionage and took more care to safeguard their ideas.

Competitor

Even if some form of legislation is introduced, proving a crime has been committed will remain difficult. Industrial espionage covers many types of activity including stealing company documents, bribing staff to reveal details of a rival's operations, offering a competitor's staff a higher salary to entice them from the company and electronic surveillance.

Some spies even operate under the guise of market research operations and it is not uncommon for unscrupulous organisations to pay large sums of money for the opportunity to preview a competitor's new product.

Many private investigators feel it is time for some form of legislation to be introduced. They often have evidence but find the law allows them to prosecute only for minor offences such as unauthorised use of telephone time or theft of company paper.

Expansion of glass recycling scheme could save £1½m

BY LISA WOOD AND RAY PERMAN

THE EXPANSION of a glass re-cycling scheme started by the UK's glass container industry in 1977 could make savings of up to £1½m a year in raw materials, the Glass Manufacturers Federation said yesterday.

The industry is investing £750,000 in plant to enable its "bottle bank" glass re-cycling scheme to be extended on a national basis. For every tonne of glass re-cycled 1.2 tonnes of virgin material is saved.

The scheme, launched in Oxford involves the collection and re-cycling of empty bottles and jars from large skips. About 32 centres are now used for collecting used glass, and the Federation said the industry planned to extend the scheme to cover 20m people in 200 urban areas by the end of 1981.

Shareholders

Mr. David Bailey, chairman of the container section of the Glass Manufacturers Federation, said that as part of the expansion programme two manufacturers, Rockware Glass and United Glass, would start next month on the construction of two plants to clean and process the millions of waste glass products which would be recovered.

Subject to final approval by its shareholders—the Distillers Company and Owens Illinois—United Glass will build a £450,000 factory at Alloa, Clackmannanshire. It will be the first of its kind in the UK and will process up to 50,000 tonnes of waste glass a year.

The plant will employ six people and be ready by next February. United Glass already has 10 "bottle banks" in Scotland but hopes to have 200 by the end of 1981.

Rockware Glass will build another plant at Knottingly, Yorks, to use waste glass from England and Wales and United Glass was discussing with local authorities the possibility of building a plant next to its container factory at Harlow, Essex.

Another large manufacturer, Redfern National Glass of York, is to expand its re-cycling operations in conjunction with a Doncaster company, Glass Supply.

Mr. Bailey, who is managing director of the Rockware group, said: "The industry target is to recycle 150,000 tonnes of glass a year, which would lead to savings in raw materials extraction and glass manufacture equivalent to 4m gallons of oil, worth an estimated £1.5m at today's prices.

"The results to date and the potential savings offer stunning proof that glass recycling works to the benefit of the nation. But the development of the bottle bank depends on the readiness of local authorities to support the scheme."

Swiss glass container manufacturers have been pioneers in the recycling industry and about 35 per cent of all container glass is recycled. Of its green glass products about 85 per cent of the finshed object is recycled material.

In the UK manufacturers have been fairly slow to adopt recycling procedures although every bottle contains about 20 per cent of cullet which is mainly recycled from the industries internal sources.

Panel will monitor gravel pits

By Paul Taylor

GREATER London Council is to set up a joint "watchdog" committee with four London boroughs to consider and monitor agreements on gravel pits. The move could lead to a tougher attitude towards extraction companies which break planning agreements.

The minerals panel—composed of representatives from the GLC and Hillingdon, Havering, Hounslow and Redbridge borough councils—is designed to ensure better control of mineral workings and improvements in measures to deal with worked out gravel pits.

The decision to set up the panel reflects recognition of the controversy surrounding gravel extraction in London and the problems caused when restoration works fall short of the required standards.

Mr. Alan Greengross, leader of the GLC planning and communications policy committee, said the panel should promote a "greater understanding"

Call for agreed accounting aims

BY DAVID FREUD

INTERNATIONAL harmonisation of accounting practice could be achieved only if agreement was reached on the underlying objective of accounts, it was said yesterday at public hearings conducted by the accounting profession.

Mr. Henry Gold, head of accounting research in the Royal Dutch Shell group, said work already carried out, mainly in the U.S., should be built on to establish an internationally agreed framework.

The hearings were the first held in London by the Accounting Standards Committee, covering evidence submitted by interested individuals and bodies on the committee's consultative document Setting Accounting Standards. Previous hearings were conducted in Glasgow and Dublin and the London session continues today.

Mr. Gold said, "Some mechanism by which all the bodies that count in this field could explore why they are coming to different conclusions on similar matters would be a starting point."

The lack of harmonisation was not only a problem for multinationals. It also affected foreign investment, lending and trading.

"The efficient allocation of resources to such ventures, based on decisions taken by users of the relevant financial information, should not be impeded by difficulties of accounting communication across borders," he said.

The need for an underlying conceptual framework was also stressed by Deloitte Haskins and Sells, the accounting firm. In their evidence they said accounting standards had emerged case by case, and therefore had inconsistent objectives and concepts.

"It will not be possible to find a single model or agreed conceptual framework until there is general agreement on issues such as the objectives of financial reporting, definitions of assets, liabilities, income and costs and a capital maintenance concept." The committee should start debating these immediately, they added.

Mr. K. D. Keymer, of Keymer Haslam and Co, the Sussex firm, said he was speaking for many out-of-London accountants when he urged that standards should not be compulsory.

The threat of qualifying accounts was an empty one for smaller companies, as they were far more worried about whether their bank managers would see them through another year.

Mr. Dennis Tripp, of Pannell Fitzpatrick and Co, the accounting firm, argued that enforcement of standards for listed companies should lie with the Stock Exchange.

A survey of members of the London Young Chartered Accountants' Group showed a marginal preference, on the question of enforcement, for public censure by a Government agency.

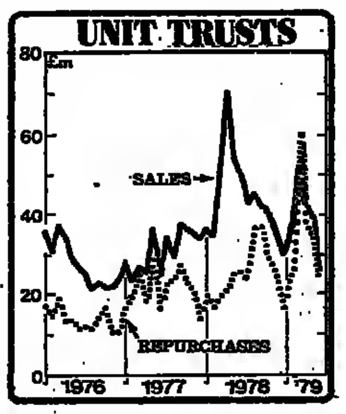
Unit trust sales lowest in two years

BY EAMONN FINGLETON

THE UNIT TRUST industry's sales to investors fell by a third last month to only £26.2m, the lowest level for two years.

Repurchases from investors also fell—from £34.6m to £24.5m. This gave net new investment of £1.6m, one of the worst results in recent years.

The figures, released yesterday by the Unit Trust Association, are evidence of the public's continuing disenchantment with equity investment.



Mr. Cholmeley Messer, chairman of the association, said the low sales reflected investors' uneasiness about the prospects for share markets.

"People are worried about bad news such as the trade figures, the Government's problems with the unions, oil price rises and America's economic problems. They are not prepared to take a long view. Some of the downturn may be due to people spending before the VAT rise, and seasonal factors are also involved."

European aid for British steel workers

THE European Commission is to grant £315,000 to help 500 people—whose jobs in the British steel industry have disappeared because of plant modernisation. The aid is used to help establish alternative employment and to finance allowances and retraining for those who have lost their jobs.

The plants concerned are Round Oak Steelworks near Brierley Hill, West Midlands (£163,000 aid, 332 people affected), and Edgar Allen Balfour Steels, Manchester, and Sheffield (£152,000 aid, 178 people affected).

A further £493,516 has been allocated in low-interest European Coal and Steel Community loans, towards house construction and modernisation for British coal and steel workers. More than 200 properties are involved.

David Churchill looks at the Price Commission's suggested increases

A 'true cost' for gas

THE PRICE COMMISSION suggested yesterday that domestic gas tariffs be allowed to rise 6p to 7p per therm—on top of the recent 8 per cent increase—so that consumers paid the true cost for their gas.

The statement is made in the commission's report on the gas tariff increase sought by the British Gas Corporation earlier this year. The longest company investigation report published in the commission's two year history, it is also the last but one before the commission is finally wound up. The final report, on Shell petrol prices, is due out next week, but the three remaining sector examination reports are still to be published.

The call for higher gas prices—following its suggestion last week that electricity prices should rise—is likely to upset the commission's dwindling supporters and be seized upon by its critics. A Price Commission calling for higher prices will almost certainly be given due prominence during next week's second reading debate of the Government's competition Bill to scrap the Commission and encourage market forces to act as a long term price controls.

Freeze

British Gas had sought to put up tariffs from April 1 this year by 8 per cent for domestic users, and 11 per cent for non-domestic customers.

On April 11 the commission agreed to the non-domestic tariff increases but decided to freeze the proposed domestic price rise. However, after the Government had announced its plans to scrap the commission, it decided on May 16 not to continue with the price freeze.

According to the report, British Gas's turnover for 1978-79 is estimated at £2,940bn, of which 86 per cent was derived from the supply of gas, 6 per cent from the marketing of appliances, and 5 per cent from installation and contracting services.

Profit before interest and taxation is estimated at £433m, some 14.7 per cent of total turnover. Profit after interest but before taxation is estimated at £353m, 12 per cent of turnover.

Fallen

From 1975 to 1977 gas provided industry with an average 24.7 per cent of its energy needs. But in 1978, gas provided some 47.3 per cent of domestic customers' total energy needs, compared with 32.3 per cent in 1973.

The report points out that gas is the only domestic fuel whose price has fallen in real terms between March 1976 and March 1979. The commission believes that "domestic customers are being shielded from the true cost of the gas they use."

In contrast, gas prices paid by industry—which are related closely to the movement in oil prices—have more than doubled between the first quarter of 1976 and the first quarter of 1979.

The commission says that two years ago both the non-domestic and domestic markets were yielding broadly similar amounts of profits to British Gas from broadly equal sales volumes. However, in 1978-79 the domestic market is forecast only to break even, indicating that all British Gas's forecast profits will come from the non-domestic market.

Exacerbate

Moreover, the commission expects that there will be "additional increases in non-domestic gas prices in the current financial year which will exacerbate the distortion between the profits generated by the non-domestic and the domestic segments of the market." The position would be further worsened if the costs of natural gas supplies become higher than forecast.

The report says "we share British Gas's view that there needs to be a reasonable relationship between domestic and non-domestic gas tariffs." This means "ensuring that all customers pay prices that reflect underlying costs of a scarce and increasingly expensive natural resource" and this cannot be done "without paying particular attention to long run marginal costs."

Long run marginal cost-based pricing, says the commission, "is designed to ensure that both present and future users of gas bear a fair share of the cost of using it and thus that the reserves are not exhausted too quickly because too low a current value is put upon gas."

The commission acknowledges the difficulties of accurate long run marginal costing but says that its estimate is based on the price paid for gas imported from Norway, since "this is gas imported in order that more British gas can be left in the ground for use in the future."

But it argues that the adoption of long run marginal costing based prices "would not imply that the customers of today would be making sacrifices for the next generation: only that the present generation bears its fair share of cost."

However, the commission firmly believes "the gas tariff for domestic users is clearly well below our estimate of long run marginal cost." It suggests an increase of about 6p to 7p per therm to bring the two into line. It also points out that non-domestic gas tariffs are currently lagging behind long run marginal cost by about 3p per therm, but says that "changes in non-domestic prices, which we understand are to take place from September 1, will wholly eliminate this difference."

Not surprisingly, the commission also believes that it "would clearly be undesirable and indeed impracticable for adjustments of this magnitude in the domestic tariff to be attempted in a single step."

It suggests that such increases be phased in over a period of time.

It is also suggested that the new pricing policy be accompanied by a marked shift in British Gas's marketing strategy. "We consider that the corporation will need to carry out more ambitious promotional activity to encourage domestic customers to use gas more efficiently and to persuade developers to consider, more carefully, fuel utilisation efficiency when specifying what gas-using equipment is installed in the dwellings they design and build."

British Gas is urged to review tariffs on a regional basis since "there is some cost justification for differences in domestic tariffs between some of the regions."

Balances

If British Gas is allowed to implement higher prices to reach the long run marginal cost of gas, the commission says this will likely lead to the accumulation of further large cash balances. "Very soon, British Gas will no longer be able to use these balances for early redemption of debt since all its National Loan Fund advances will have been redeemed. It will therefore be necessary to find appropriate ways to handle this cash, particularly as substantial sums will be needed eventually by British Gas for replacement of its fixed assets."

But the report also calls for future decisions on the level of gas prices to be considered within the context of a wider UK energy policy.

Apart from the pricing issue, the commission generally found British Gas to be efficient. But it does urge the corporation to press ahead with its investigation of faults in new gas appliances.

Price increases 'are not the answer'

GAS PRICE increases aimed at cutting consumption are not the best answer to the fuel crisis, the consumer watchdog for the gas industry said yesterday.

Professor Naomi McIntosh, chairman of the Natinnal Gas Consumers' Council, criticised those who believed that price increases would automatically mean reduced consumption. Speaking at the publication of the council's annual report, Professor McIntosh said that price rises invariably penalised those on low incomes. If the Government continued to force up prices it must match this by encouraging energy saving and policies to help the poor consumer. "Some are already crying out for easier payment methods, such as energy stamps," she added.

A survey carried out for the council found that eight out of 10 people had not thought about gas energy conservation. A nationwide campaign urging the public to save gas is to be launched.

Barrow site chosen for Morecambe Bay terminal

BY RHYS DAVID, NORTHERN CORRESPONDENT

THE BRITISH GAS Corporation is to submit a planning application shortly to develop a site at Barrow in Cumbria for its Morecambe Bay gas terminal.

The site is used for grazing and lies immediately south of Roosecote power station.

The Morecambe Bay field, the first to be discovered off Britain's west coast, is estimated to contain reserves of some 2-3 trillion cubic feet of gas and will cost several hundred million pounds to develop. The corporation is hoping to have gas available from the field, 20 miles offshore, for feeding into the national grid by around 1983-84.

Work on building the reception terminal, to cover an estimated 300 acres, will provide employment for several hundred construction workers. But only about 80 permanent jobs will be created when construction is completed.

British Gas has yet to decide on the site for its offshore supply base, though during exploration it used Fleetwood. No decision is expected for some time.

The choice of Barrow follows detailed consideration of a number of factors including problems caused by shifting sands off the Lancashire coast.

Discussions are taking place with the local authorities involved—the Cumbria County Council and Barrow Borough Council—over how the public can be best consulted for its views on the application.

Bexley grammar school decision angers NUT

BY PAUL TAYLOR

A LONDON LOCAL education authority is to press ahead with plans for turning its only comprehensive school into a grammar and secondary modern school — in spite of the protests of parents and the National Union of Teachers.

A full council meeting of the Conservative-controlled London Borough of Bexley has confirmed proposals that the split-site 2,000-pupil Erith Comprehensive School should revert to being separate grammar and secondary modern schools. The decision was taken as about 1,000 parents protested outside the borough's civic centre.

The National Union of Teachers, Britain's biggest teachers' union, has protested to Mr. Mark Carlisle, Education Secretary, about the plan. Yesterday, the union described the decision as "appalling and disastrous" and promised that it would continue to oppose the scheme.

The council will now issue a Section 13 notice under the 1944 Education Act giving details of its proposals and asking for comments. After two months these will then be forwarded to Mr. Carlise for final consideration.

Agency plans £1.5m factory boost for Leith

By Ray Perman, Scottish Correspondent

THE SCOTTISH Development Agency plans to spend £1.5m building factory workshop units and carrying out environmental improvement work in Leith, near Edinburgh.

The agency has asked local authorities to find suitable sites for up to 20 workshops, and give them planning permission by the end of the year, so that the work can be done within the 1980-81 budget.

The project could be the forerunner of a full-scale urban renewal programme in Leith, which, although a prosperous port has many derelict areas and high unemployment.

Airline aims for Jumbo service to Hong Kong

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CATHAY PACIFIC AIRWAYS, the UK-owned, Hong Kong-based airline, has applied to the Civil Aviation Authority for rights to fly between Hong Kong and London.

The airline has objected to similar proposals made by British Caledonian and Laker Airways.

Mr. John Brembridge, chairman of Cathay Pacific, said that the airline had made its applications in both Hong Kong and London.

Cathay's aim is to provide a one-stop service between Hong Kong and London, via Bahrain, using Boeing 747 Jumbo jets. Initially, there would be three flights a week, rising to a daily service according to demand.

The airline is part of the Swire Group of companies. It operates at present between Hong Kong and destinations throughout South-East Asia, the Far East, and the Middle East.

Paper launched

A WEEKLY newspaper, the Lakeland Echo, was launched yesterday in the Lake District. It is published by the Lakeland Publishing Company, newly founded by Paul Sbingler, an Ambleside businessman, and Andrew Wilson, a Grasmere journalist who is editor.

54m visit historic buildings

ADMISSIONS TO historic buildings in England soared to 54m last year—an increase of 4 per cent.

Visiting historic towns and places has become the most popular leisure activity in England and apart from walking, according to a survey published today by the English Tourist Board.

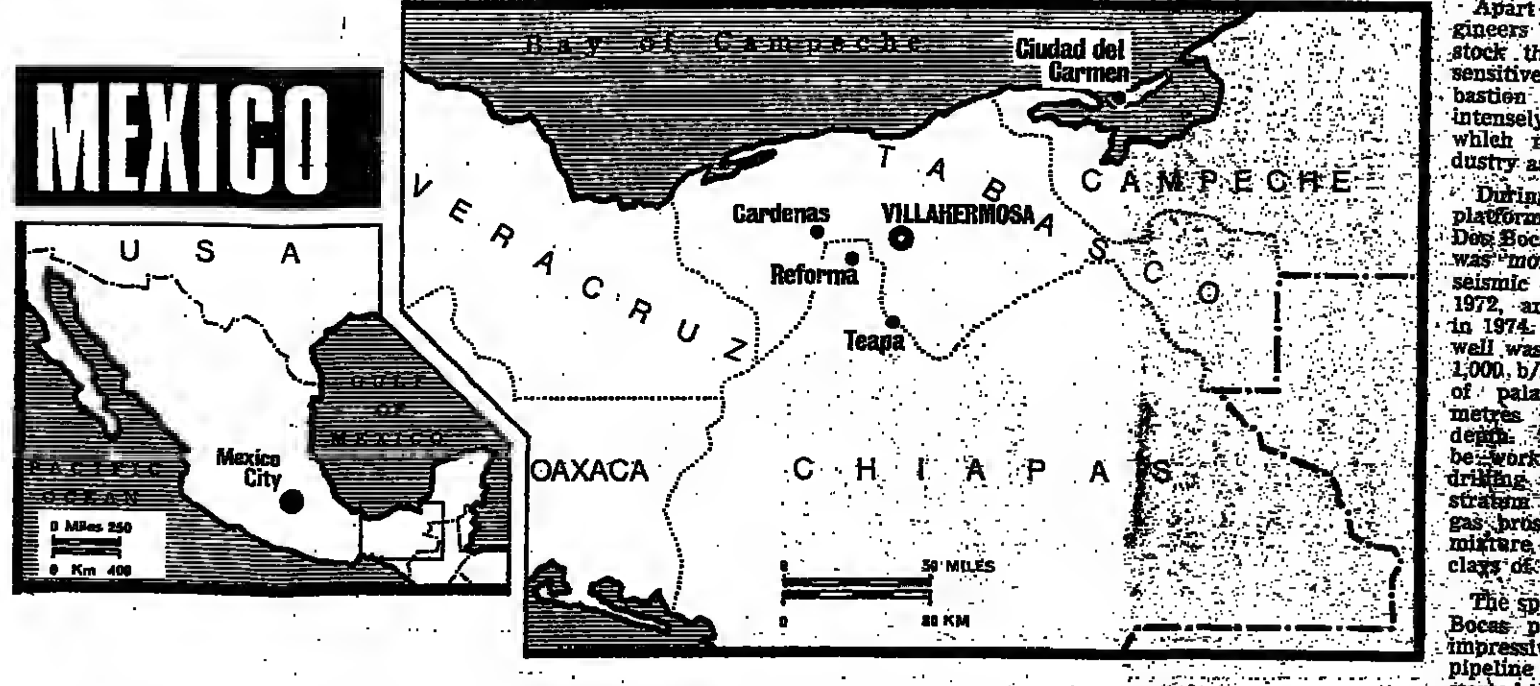
"The English Heritage Monitor" reports that garden visiting is the second most popular activity, with a healthy 12 per cent jump. There was a 2 per cent increase at wildlife attractions and no growth at museums and art galleries.

About 1,522 historic buildings are regularly open to the public this year, excluding cathedrals and churches with at least 16 opening their doors for the first time.

ENERGY REVIEW

BY WILLIAM CHISLETT, IN MEXICO CITY

The bonanza moves offshore



OFFSHORE oil production in the Bay of Campeche in the southern corner of the Gulf of Mexico, which came on stream last month, is impressive both because of its speed and the very large reserves there. Oil importing nations, especially the U.S., are eyeing Mexico keenly. Added to the country's onshore potential, which is known to be rich and for political reasons underestimated in public statements, Mexico, with offshore production, is moving into the limelight as one of the world's most important future oil producing countries.

As yet offshore production is small. Akal C and Nohoch A wells about 60 miles north of Ciudad de Carmen, are currently producing only 19,000 b/d, between them. But by the end of the year daily production is intended to reach 80,000 b/d.

Pemex, the state owned oil monopoly has set a combined onshore and offshore target of 2.25m b/d by the end of next year. Most of the difference between present onshore production of 1.6m b/d and the combined production of 2.25m b/d will come from offshore reserves.

Beyond announcing a 500,000 b/d offshore target for the end of 1980 Pemex is keeping quiet about that resource, but as oil production in the country is advancing more quickly than originally forecast, reports that offshore production alone could be as high as 2m b/d by the mid 1980s do not seem especially far fetched. In 1976 Pemex set 2.25m b/d as its ceiling by 1982. This has since been put forward to the end of 1980.

Mexico's proven hydrocarbon reserves are 40bn barrels, potential reserves amount to 200bn barrels, but these figures are believed to be mainly based on onshore reserves. Pemex has given no official offshore reserve figure, but did let out that it considers the Campeche area to be far richer than the nearby richest onshore fields, known as Reforma, in the states of Chiapas and Tabasco. These fields officially have proven oil reserves of 12.5bn barrels.

The state company is working at full steam to develop the area. Some 4,000 people are involved in offshore production. Headquarters is at Cludad da Carmen, on the tropical island of Carmen. It is bursting at the seams as Pemex tries to cope with offshore production and at the same time with the massive oil spill csused by a blowout on drilling platform Ixtoc I on June 3.

Some Pemex technicians sleep in tents on the beach at Carmen because accommodstion in the town is utterly ioadequate. There are only three flights a week to Mexico City which means that some staff have to fly tn Villahermosa aod then drive 125 miles, crossing two rivers and the Campeche lagoon in ferry boats to get to the islsnd. The journey takes a good four hours.

Since the Ixtoc blowout, which destroyed the platfnrm, 30,000 b/d, have been pouring into the sea and there is little chance of controlling the flow until the end of August, when two directional (slanting) wells are completed. The Ixtoc structure alone has reserves of 800m barrels and as there are at least 60 well-defioed hydrocarbon bearing structures in the Campeche Bay, it is quite clear that the offsbore reserves are very large. A dry hole is almost unheard of in the bay. Pemex refuses to disclose test flows from its current drilling operations for fear of intensifying U.S. interest. The U.S. imports about 400,000 b/d from Mexico snd would like much more. That compares with U.S. consumption in 1978 of 18.3m b/d, or EEC consumption nf 11.1m b/d.

The wbole Campeche ares, where structures are being located, measures 8,000 sq km (about 3,100 square miles). The present production area, known as Cantarell, wblch comprises Akal C, Nohoch A, Nnhoch B, Akal F, Akal J, Akal I, Akal H and abkatun is about 700 sq km (about 270 square miles). Abkatun oil is of 33 degrees API gravity with 1.5 per cent sulphnr cootent, and the rest 22 degrees API and 3.6 per cent sulpbur. At the momeot, gas is flared. In the long run Pemex may decide to connect the field to the national gas grid.

Water depth is between 35 and 75 metres (115 and 250 ft). At the moment there are 10 drilling platforms, two production platforms aod one collection platform. Eventually there will be 32 platforms: 25 drilling, four production, two accommodation and the connection platform.

Tha drilling platforms have either seven or 12 wells eacb. They strike oil-bearing rock from between 500 matres and 1,500 metres (1,600 and 4,900 ft) below mudline. Mexico's offshore reserves are going to be more economical and easier to exploit than the North Sea.

Akal C is the bub of the Cantarell complex. It consists of a seven-well drilling platform which feeds the oil to a production platform for processing. From there it is then pumped a matter of yards to a collection platform. After separation—the gas being flared—the oil is sent through a 36-inch diameter, 100-mile long (about 160 kilometres) pipeline to Dos Bocas, where work has started on constructing a port capable of storing 11m barrels and loading 250,000-tonne tankers.

As the port is not finished, the oil is pumped on a further 43 miles to the inland terminal of Cardenas and from there is a third pipeline of 65 miles to Nuevo Teapa and the port of Pajaritos for incorporation into the national pipeline system or for export.

The initial capacity of the 36-inch pipeline from Akal C is 240,000 barrels a day, but with compressors that can be raised tn 550,000 b/d. Once offshore prnduction reaches 500,000 b/d, a second pipeline will be needed.

Apart from a conple of engineers from Eastman Whipstock the staff is Mexican: a sensitive point for Pemex, the bastion of nationalism in an intensely nationalistic country which nationalised its oil industry as long ago as 1938.

During the construction of the platforms and the pipeline to Dos Bocas the foreign presence was more noticeable. Serions seismic work only started in 1972, and exploratory drilling in 1974. In 1975 the Chac 1 well was finished and produced 1,000 b/d test flows from rock of palaeocene age at 3,500 metres (about 11,500 feet) depth. The Cantarell field can be worked on two levels and drilling deeper to the jurassic stratum showed good oil and gas prospects. The area has a mixture of calcareous sands and clays of varying density.

The speed with which the Dos Bocas pipeline was built was impressive. Fabrication of the pipeline and the jackets only started last summer. A Houston company, Brown and Root, was awarded seven jacket contracts and six went to four Mexican yards. Pemex likes to keep the work in Mexico but the Mexican companies were heavily stretched to keep up with onshore construction.

Pipeline rolling had to be largely contracted abroad because Tubacero, the private Mexican steel mill, was working as fast as it could to supply lengths for the 774-mile (about 1,240 kilometres) long gas pipeline from the Reforma fields to Monterrey near the U.S. border. Steel stock is mainly supplied from Japan.

Except at the centres of activity, there is little so far to show that the Bay of Campeche could become one of the world's largest offshore oil producing areas. However the Carmen islanders speak of the area as though it were a new Saudi Arabia. Life has begun to change on what was once a sleepy island dependent upon fishing for its livelihood.

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Steelworkers agree to talks on Corby's future

BY NICK GARNETT, LABOUR STAFF

STEEL UNIONS yesterday agreed to meet management at the Corby, Northants, works on September 20 to discuss the future of the plant where the British Steel Corporation is seeking the shut down of steel making with the loss of 6,000 jobs.

Sir Charles Villiers, the corporation's chairman, told members of the TUC Steel Industry Committee at a meeting on Teesside that management would look at any figures the unions wished to produce which they believed showed Corby could be viable.

The corporation maintains that it is not possible to make money while heavy iron and steel plants at Corby and Shotton, where iron and steel making is also being ended, remained in production.

Sir Charles said the corporation was still prepared to seek with the unions an alternative to closure at Corby but no alternatives had so far emerged.

"I am determined to save the core of the British Steel Corporation at all costs and it is not a safe situation that is facing us," said Sir Charles.

The meeting at Corby will involve Mr. Bob Scholey, chief executive, Mr. Harry Ford, director of the Corby works and Harry Armitage, managing director of the Tubes Division as well as union officials.

Steelworkers at Corby are expected to mount a demonstration march today as well as hold a meeting to vote on a resolution from the joint union branches committee calling for the strongest possible action to save the plant. Some officials are proposing an indefinite national strike.

Sir Charles reaffirmed that the corporation had no intention of closing the tubes section at Corby or the finishing end at Shotton. Losses at the heavy end of both plants were a grave concern, however.

Iron and steel plants are coming into production at Ravenscraig, Scotland and Redcar, Teesside in the next 12 months. The corporation intends sending low-cost steel from the new plants to supply the finishing mills at Shotton and Corby.

Sir Keith Joseph, Industry Secretary, has told the corporation that the Government will not continue to fund its revenue losses after March. Mr. Bill Sirs, chairman of the TUC Steel Industry Committee and general secretary of the Iron and Steel Trades Confederation, told Sir Keith last week that unless cash limits were relaxed, 20,000-30,000 more jobs would be lost next year.

The unions have been attempting to make as strong a case as possible for the continuation of steel-making at Corby. A union research document says that British Steel has greatly exaggerated cost savings it would make by closing Corby.

Mr. Sirs told Sir Charles yesterday that the unions would not agree to any more plant closures unless the corporation could prove to the unions that the closures were necessary.

Cargo ship held up in back-pay dispute

A PANAMANIAN-registered cargo vessel has been held in Aberdeen harbour by the International Transport Workers Federation, because of a dispute over back-pay.

The vessel, the 500 ton Frederika, had discharged a load of fertiliser from Rotterdam. It was due to leave when the dispute, involving a crew of six and the owner, broke out.

Yesterday, Mr. Harry Bygate, National Union of Seamen official and ITF representative in Aberdeen, said there had been a complaint over the level of wages, which were well below ITF agreed rates. Several thousand pounds of back-pay was involved for service ranging from five weeks to a year. A chief officer, chief engineer and cook, all British, and three Portuguese seamen were involved.

"My instructions were to stay aboard the vessel and not sign off articles. The ship will not sail. It is stalemate at the moment," said Mr. Bygate. Because of similar problems in Aberdeen previously, war is now declared on any flag of convenience vessel coming to the port without an ITF agreement," he said.

The owner of the ship, managed by Libra Shipping of Rotterdam, is understood to be flying to Aberdeen from his home in Belgium.

Textile aid cuts feared

THE TUC textile, clothing and footwear industries committee has asked for an urgent meeting with Sir Keith Joseph, Industry Secretary, to express its alarm at Government plans to cut regional aid.

OUTPUT PASSES 1978 FIGURE AFTER ONLY SEVEN MONTHS

BY RHYS DAVID

Halewood's productivity earns Ford praise

FORD'S HALEWOOD plant on Merseyside—often the problem child in the company's European family—has this week been receiving some high praise from Ford's British boss.

In a letter to local newspapers, Sir Terence Beckett singled out much higher productivity and better than ever labour relations at Halewood as major contributors to a very good Ford performance in the first six months of 1979.

In fact in the seven months to the end of next week—the start of the plant's three week summer shutdown—Halewood will have produced 123,000 Escort cars, estates and vans, 3,000 more than in the whole of last year.

The better performance this year is particularly welcome to plant executives, who last year succeeded in persuading Ford's Dearborn headquarters in the U.S. to invest a further £200m in Halewood, the company's biggest ever UK investment project and its biggest current project in Europe.

In Saarlouis, Halewood's sister plant in Germany, it takes just over half as many man hours to produce the Escort, and Halewood itself with a daily output of 960 cars is still running some 200 cars below the capacity Ford believes it could achieve. In order to meet the current high level of demand for Escorts, Ford has been importing models from Germany, padding out still further Britain's car imports bill.

The £200m investment which Ford has started putting into Halewood will give the company almost certainly the most highly automated car plant in the UK—including some robot production—and the company will clearly be expecting this to pay for itself in time in higher output.

More than half the total is associated with the introduction of the new Escort replacement (code-named the Erika project) into Halewood which with Saarlouis will be the main European base for the vehicle. The car will use engines made at the company's New Bridgend plant in South Wales which is also expected to supply production lines for the model in the U.S.

The rest of the money will go on general up-dating of equipment, much of it now dating back 16 years to the opening of the plant.

Giant new presses, some of them automatic or semi-automatic, are to be installed at the plant which is already Ford's biggest European pressing centre, supplying panels to meet company needs at Southampton, Dagenham, Cologne, Saarlouis, and Genk in Belgium as well as at Halewood itself.

Further automation of the paint lines, where a fully automatic enamel coat spraying system was put in last year, is also planned. Because of the configuration of the car, full details of which have yet to be announced, the lines bringing together key components such as engines, suspension and transmissions for insertion into the body will also have to be re-designed.

The robot equipment will be installed in the metal assembly section where different steel pressings are brought together to form body sections. The plant already uses automatic welding equipment capable of performing as many as 70 spot welds in a matter of seconds.

The new equipment, which will be controlled by micro-processors, will carry out some of the more difficult as well as the more tedious welding tasks now carried out by assembly line workers. Much of the welding will continue to be performed manually but this too will be brought under electronic control, making it easier to maintain quality checks.

Ford is aware that the introduction of these changes is going to represent a major industrial relations challenge. Union opposition was voiced last year over the installation of paint equipment because of the feared effect on jobs. Consultation has already started with the unions, however. The company has emphasised that the changes will not reduce jobs though there will need to be moves between departments.

Ford's belief is that, as in the U.S., the European car market is going to become much more "customised" — every vehicle incorporating a different range of options specified by the customer—and that appearance and finish will be regarded by corporate and private buyers as increasingly important.

Thus, while robots may take over back-breaking welding jobs more employment will be created in final assembly and quality control.

Ford's task is to secure these changes in the deployment of its workforce without disruption, while continuing to raise productivity, and it is basing its hopes on evidence of a change of mood on Merseyside.

Though still not up to the output standards of the continent, Halewood's recent performance compares with only 600 vehicles a day a year ago and absenteeism, at 10 per cent, is lower than at Dagenham or the group's Continental plants. The two Ford plants in Liverpool employ 14,000 people.

In Hslewood, only a few miles from the Dunlop plant closed this year with the loss of 2,400 jobs and BL's Triumph No. 2 plant closed last year with the loss of 3,000 jobs, a secure job at Ford is clearly worth preserving in difficult times.

Rail council gives policy role to unions

By Lynton McLain

BRITISH RAIL'S joint management and union council met for the first time yesterday with a commitment to allow unions a greater role in policy formation.

Sir Peter Parker, British Rail chairman, said the council would avoid some of the "contradictions" of unions being represented on the main BR hoard.

The council will debate future planning, marketing, financial information for employees, public affairs and special projects.

Yesterday's meeting was attended by general secretaries and presidents of the main rail unions, including the National Union of Railwaymen, the Transport Salaried Staffs' Association, the Confederation of Shipbuilding and Engineering Unions and the British Transport Officers Guild.

British Rail was represented by Sir Peter, Mr. Michael Bosworth, deputy chairman, Mr. Ian Campbell, chief executive, and other board members.

Ways of improving the railways' financial framework, and the council's future, were discussed.

British Rail said there was no overlap between the roles of the council and of the four-year-old British Rail Joint Consultative Council which enabled management and unions to discuss mainly railway operational matters.

The council will meet every quarter under the chairmanship of Sir Peter.

● NEWS ANALYSIS—CIVIL SERVANTS

Technologists' pay battle

BY PHILIP BASSETT, LABOUR STAFF

SENIOR Ministers will meet union officials today to try to resolve the third major bout of disruptive industrial action this year by the Civil Service unions.

The nine unions in the Service are not normally noted for their overt militancy. But for the whole of the past six months one or other of them has been taking action which has had serious effects on Government and industrial cash ow, Post Office finances and key defence work.

The effect of the selective strikes by members of the Civil and Public Services Association and the Society of Civil and Public Servants from February to May is still being felt in many Government departments and on indicators such as the balance of payments figures published this week.

Action by members of the same two unions in the Post Office, though likely to be drawing to a close soon, has held up payment of telephone bills worth more than £700m and caused the Post Office to borrow £5m a day at commercial rates from its already beleaguered postal business.

Today's talks between Lord Soames, Lord President of the Council, and Mr. Bill McCall, general secretary of the Institution of Professional Civil Servants, are a bid to end a series of selective strikes. These have halted the loading of Polaris nuclear submarines, virtually stopped work in some Government dockyards, and disrupted defence and other key communications, some power supplies, the minting of coins and the publication of Government papers, including Hansard.

Further effects of the action yesterday included disruption at RAF Benson in Oxfordshire and the USAF base at Bentwaters in Suffolk and further action at Devonport dockyard.

The blooding of the IPCS, traditionally regarded as the leading moderate among the Civil Service unions, has been enough to swing the unions behind an overtime ban and further measures as a "minimum code" of co-ordinated action. The three-month recruitment ban imposed on the Service and the longer-term review of posts now going on which could lead to the loss of up to 150,000, have added to discontent.

Disciplined

Two elements have been common to all three disputes: the principle of pay comparability with private industry, and the use of selective, tightly-disciplined strikes by often a small number of staff to fight for that principle.

The unions, in line with the image of their members as being careful and methodical, have capitalised upon the increasing centralisation of work and the use of computers, their strikes have been small, highly effective and relatively inexpensive to run.

The Government settled part of the present IPCS claim when the Civil Service Department abandoned what some officials privately regarded as an unjustified insistence thaat this year's increases for about 20,000 scientists should not be linked to the administrative grade settlement, which will give average rises by January of 25 per cent.

The scientists settled for 17 to 34 per cent, but the union has with apparent success kept them to their industrial action in support of the claim for 50,000 technologists which Lord Soames and Mr. McCall will discuss today.

The IPCS, though, has run into operation on its 36-47 per cent claim not only, as expected, from the Civil Service Department, which has offered increases of 15.5 to 24.1 per cent, but from the other unions.

The SCPS, which represents some administration grades of roughly parallel seniority to IPCS members, has already indicated that it will seek to reopen the main Civil Service deal if the IPCS achieves its claim.

Some other union leaders feel the same way. In an unusual alliance with the Civil Service Department, they are arguing that too often in the past the IPCS has boosted its pay rises by claiming special factors, and that this time the union should test its case at arbitration.

The IPCS, though, maintains that negotiations are not exhausted and that arbitration is not the right forum for a judgment to be made on the important points of principle which it feels the technologists' claim represents.

Precedent

It is unlikely that many other groups would take strike action over what to an outsider appears to be a mathematical distinction.

Civil Service pay is normally based on the findings of the Pay Research Unit comparability study with outside industry. The IPCS claims that the technologists' rises should be based on the upper quartile of the range of the unit's comparisons. The Department insists that they should be based on the medians.

The cash difference, though, can be wide and the IPCS regards a median-based rise as setting an unacceptable precedent. It argues that in five rises between 1965 and 1975 the increase for the group gave the unit's medians plus an average of more than 14 per cent, including one arbitration award in 1974 which gave the medians plus 20 per cent.

Accordingly, the union's claim is for increases on average 15.6 per cent above the 1979 medians. For the principal professional and technology officer, for example, whose maximum pay last year was £4 above the equivalent administration grade of principal, the claim is for 45.2 per cent, to take the rate from £8,724 to £12,675.

The unit's median entitles the grade to £11,426. After deductions of 2.6 per cent for an inflation-linked pension and 4.57 per cent for differences in hours and leave and a further adjustment for unquantifiable factors the offer has been put at £10,700, or an increase of 22.57 per cent. The corresponding increase for principals was 34.6 per cent to £11,750.

The IPCS has suggested that conciliation might be a way out of the dispute, and the Advisory, Conciliation and Arbitration Service is keeping close contact with developments. The two sides are firmly entrenched, however, and some hard talking at today's meeting will be necessary to prevent further damaging action.

Directors call for end to closed shop

By Gareth Griffiths

THE Institute of Directors has called for the abolition of the closed shop and says the Government's proposed trade union reforms do not go far enough.

An institute deputation is meeting Mr. James Prior, Employment Secretary, today and will ask for provision for picketing cases to be taken to the criminal court.

Mr. Walter Goldsmith, Director-General, said he felt the Government had an opportunity to introduce radical changes into industrial relations.

The Institute also says that the Advisory, Conciliation and Arbitration Service commands no public confidence in drawing up codes of practice.

The institute wants greater legal clarification on picketing and says the onus of starting legal proceedings should rest with the police and the Director of Public Prosecutions.

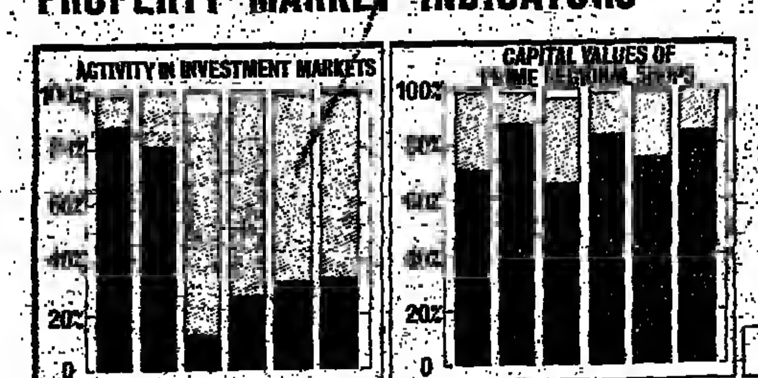
It also suggests a time limit of possibly one month on picketing and restrictions on pickets' numbers.

Mr. Goldsmith said the Institute's views reflected those of managers as individuals. He said it was able to take a more outspoken view on the Government proposals than the CBI.

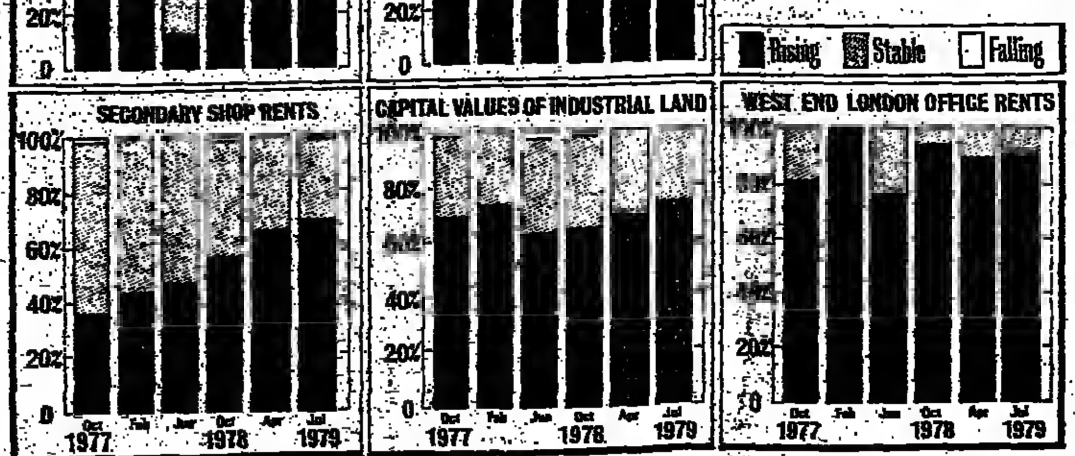
Official strike

THE STRIKE at the Chrysler factories at Ryton and Stoke in Coventry has been made official by the Transport and General Workers' Union.

PROPERTY MARKET INDICATORS



● A poll by the Royal Institution of Chartered Surveyors. RICS members' firms and investing institutions in all regions were asked if there was a rising (R), static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.



AREAS		LON. CITY	WEST END	REST GLC	• SE (EX-LON.)	N	NW	EAST ANGLIA	YORKS & HUMBER	EAST MIDS.	WEST MIDS.	SW	SCOT.	WALES	N. IRE.	NATIONAL
Compared with three months ago: QUESTION 1																
What is the trend in rents?		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
(a) Offices	R	95	90	92	86	33	53	10	50	25	60	42	29	64	100	58
	S	5	10	8	14	67	47	90	50	75	40	58	71	36	0	42
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b) Prime Regional Shops	R	83	84	92	90	92	81	90	85	88	80	100	94	82	100	88
	S	17	16	8	10	8	19	10	15	12	20	0	6	18	0	12
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c) Secondary Shops	R	58	78	82	71	75	50	70	60	64	43	89	82	73	100	70
	S	42	22	18	29	25	50	30	35	36	57	11	18	27	0	29
	F	0	0	0	0	0	0	0	5	0	0	0	0	0	0	1
(d) Modern Factories	R	64	100	100	92	54	82	64	73	94	81	79	43	80	67	78
	S	36	0	0	8	46	18	36	27	6	19	21	57	20	33	22
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e) Modern Warehouses	R	70	100	100	92	62	88	64	73	94	81	75	59	73	75	79
	S	30	0	0	8	38	12	36	27	6	19	25	41	27	25	21
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
QUESTION 2																
What is the trend of invest yields?																
(a) Offices	R	5	5	8	0	0	21	0	0	0	0	6	0	8	33	4
	S	85	80	84	86	100	79	100	89	93	100	88	94	84	33	88
	F	10	15	8	14	0	0	0	11	7	0	6	6	8	33	8
(b) Prime Regional Shops	R	0	0	17	0	0	21	0	11	0	0	6	0	0	33	5
	S	92	67	75	71	92	64	78	74	77	86	53	73	92	33	74
	F	8	33	8	29	8	15	22	15	23	14	41	27	8	33	21
(c) Secondary Shops	R	20	0	9	5	8	7	10	21	8	15	5	20	17	33	11
	S	67	69	82	80	75	86	70	74	77	76	72	73	83	33	75
	F	13	31	9	15	17	7	20	5	15	9	23	7	0	33	14
(d) Modern Factories	R	82	0	0	0	0	12	0	5	0	0	6	0	10	33	3
	S	18	100	92	91	85	70	91	81	88	87	76	93	80	33	84
	F	0	0	8	9	15	18	9	14	12	13	18	7	10	33	13
(e) Modern Warehouses	R	0	0	8	0	0	18	0	5	0	0	19	0	9	33	4
	S	82	89	84	90	85	70	91	81	88	87	69	88	82	33	83
	F	18	11	8	10	15	12	9	14	12	13	12	12	9	33	13
QUESTION 3																
What is the trend of capital values?																
(a) Offices	R	95	85	85	71	17	54	11	53	20	47	61	33	64	100	58
	S	5	15	15	29	83	46	89	47	80	53	33	67	27	0	41
	F	0	0	0	0	0	0	0	0	0	0	6	0	9	0	1
(b) Prime Regional Shops	R	67	83	92	81	83	92	67	80	87	75	100	94	83	100	85
	S	33	17	8	19	17	8	33	20	13	25	0	6	17	0	15
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c) Secondary Shops	R	43	62	80	55	67	64	50	55	71	36	79	75	58	100	61
	S	57	38	20	45	33	36	50	40	29	64	21	25	42	0	38
	F	0	0	0	0	0	0	0	5	0	0	0	0	0	0	1
(d) Modern Factories	R	78	100	100	86	54	88	64	68	76	81	81	36	73	67	76
	S	22	0	0	14	46	12	36	32	24	19	19	64	27	33	24
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e) Modern Warehouses	R	70	100	100	86	54	88	64	68	76	81	89	60	64	67	77
	S	30	0	0	14	46	12	36	32	24	19	11	40	36	33	23
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(f) Industrial Land	R	60	100	100	90	69	76	45	68	75	67	86	63	45	75	75
	S	40	0	0	10	31	24	55	32	25	33	14	37	55	25	25
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
QUESTION 4																
Activity in Investment Markets	R	50	33	38	24	33	29	27	21	31	25	50	20	40	67	33
	S	50	67	62	71	67	71	73	79	69	75	50	80	60	33	66
	F	0	0	0	5	0	0	0	0	0	0	0	0	0	0	1

Rentals still rising

STILL RISING rentals, improving capital values, strong investment activity but some early evidence of a trend to higher yields. These are some of the points revealed in the 11th national poll of surveyors carried out by the Royal Institution of Chartered Surveyors in conjunction with the Financial Times.

The poll, which tested opinion during June, underlines the strength of the property market which remains confident about longer-term prospects in the face of economic uncertainty.

According to the poll's findings, there has since the last inquiry been a small move towards the stabilisation of office rents nationally, although the overwhelming majority of respondents in the City of London, West End and the remainder of the GLC area say rents are still rising.

Even so, during the last poll hardly any participants in these areas reported static rentals and now some suggest that this is beginning to be seen. As for rentals elsewhere, the rising trend was reflected for all other types of property, from shops to industrial space, though a growing number of respondents suggested the incidence of static rental patterns was rising.

Prime shop rents are still thought to be growing, particularly in London and the south-east, while rental trends for secondary retail properties, modern factories and warehouses are still upwards.

On investment yields, the poll suggests that generally these have remained at historically low levels in the wake of heavy and continued institutional buying. But in the office sector, a small number of respondents now say they have evidence for the first time of rising yields on the City of London and the rest of the GLC area, though not elsewhere in the south-east.

For prime regional shops, the generally static picture remains, though there is some evidence that yields on secondary retail premises are edging upwards.

Not surprisingly, the trend for capital values since the last poll in April has continued to show an upwards movement. While offices and shops have reflected the trend, the most significant area for improvement has involved modern factories, warehouses and industrial land.

The latest poll shows the great majority of members taking part reporting rising capital values in these three sectors, the trend being strongest in the south east. On a national basis, respondents believed all sectors continued to show an increase in capital values, though the trend was less marked in the office sector.

Two-thirds of respondents believe that the level of investment activity remains stable, with almost the entire balance suggesting that it continue to increase.

MICHAEL CASSELL

Greater part of NEB holdings to be sold

SIR KEITH JOSEPH, Secretary of State for Industry, yesterday made the following statement to the Commons on the Government's policy towards the National Enterprise Board:

"Over the last few weeks, I have carefully reviewed the full range of the NEB's activities. My colleagues and I have had several discussions with the chairman of the NEB Board.

"I have, too, met the Board's regional directors when I visited Liverpool and Newcastle. I pay tribute — as I have before — to the sense of public service and the energy of all concerned with the NEB.

"But the House knows that we opposed the Industry Acts of 1975 and 1979, and in our Manifesto we promised to reduce the NEB's powers. We favour the encouragement of private initiative and enterprise, not the promotion of public ownership.

"But it will take time to restore the full vitality of the private sector.

"In the meantime, the NEB will have a continuing role for those companies which have been in difficulties and for which it now has a responsibility, so long as the business concerned has a prospect of viability and no solution based on the private sector is available.

"If other cases arise where the private sector is unable to provide a solution to a company's difficulties, receivership will normally be the right course.

"In a wholly exceptional case, circumstances could arise in which the NEB might — but only on the Government's initiative — provide temporary and tapering support, with the aim of restoring the company to commercial health as quickly as possible.

"Given that the NEB has this role, I have looked at whether there is any other activity it could undertake consistent with our policies.

"I see no public benefit in enabling the NEB to act as a general merchant bank and its powers to promote businesses, or buy shares in them will be restricted within very clearly defined limits. Our policy (as the manifesto envisaged) is that the greater part of the NEB portfolio should be sold as circumstances permit, having regard to the interests of the taxpayer and the companies.

"I look to the NEB to make disposals to the value of £100m in the current financial year, as foreshadowed in my Rt. Hon. Friend's Budget statement. However, I do not think it is in the public interest, or in the interest of the companies concerned, to identify them now or specify the timing of their disposal by the NEB.

"I shall also be requiring the NEB to make a substantial reduction in its expenditure in the current year and in the following years.

"I exclude, however, the investments which the NEB has made in a dozen or so newly established high technology companies, chiefly concerned with computer software, micro-electronics and their applications and which I believe justify special attention.

"The market has been discouraged in recent years from supporting such ventures. Time will, anyway, be needed for these companies to evolve before the NEB can sell them.

"In the light of this it seems sensible to use the NEB as one means of familiarising the market with the new technologies. For my part I see this role as being necessary only until the market is clearly strengthened and I would not wish to put a term to the role now.

"The Budget for it will be limited—but clearly defined. The objective will be to secure in each case the maximum amount of private investment, with a view to full private ownership in each case as soon as practicable.

"The NEB will be able to re-invest some of their receipts from disposals of these companies in new high technology ventures, but only in partnership with private capital. A market that has met the huge risks of North Sea exploration should find no insuperable difficulty here.

"The Government is also much concerned with the problems of the areas of high unemployment. An element of that regional policy is that the NEB should continue to exercise an industrial investment role in the North and North-West and with small firms, seeking always to maximise private investment and with the objective of transfer of full ownership to the private sector as soon as possible.

"The NEB's regional role will be very similar to the industrial investment activities of the Scottish, Welsh and Northern Ireland Development Agencies in Scotland, Wales and Northern Ireland respectively.

"We will introduce a Bill as soon as possible to give effect to these policies. We will sharply reduce the financial limits laid down by the 1979 Industry Act and amend the powers of the NEB set out in the 1975 Act in accordance with the policies I have just announced.

"New guidelines will follow which will set clear objectives for the NEB to achieve. Within that framework, the NEB will have my full support."

Tories welcome curbs on Board

BY IVOR OWEN

THERE WAS a restrained welcome from the Tory benches yesterday for the proposals announced by Sir Keith Joseph, the Industry Secretary, for limiting the activities of the National Enterprise Board.

They were seen as a "first step" towards cutting the NEB down to size by Mr. Michael Grylls (C. Surrey NW), who has taken a leading role in exerting back bench pressure for radical measures to end its interventionist role.

While Mr. John Silkin, the shadow Industry Minister, vigorously attacked the proposals, the fact that Sir Keith admitted that the Government still believes that the NEB should be left with "significant but modest" responsibilities won him approval and some mocking cheers from the Opposition.

His explanations, making it clear that the new approach will make little immediate difference to BL, clearly concerned some Tory MPs.

Mr. Nicholas Budgen (C., Wolverhampton SW) commented: "The dilemma in relation to BL is that the more they believe that the taxpayers' money will be available, the more difficult it is to get the company and all its employees at all levels to accept different practices in their work."

Sir Keith, who reaffirmed the Government's confidence in Mr. Michael Edwardes, seemed willing to accept this view, but stressed that the present arrangements had achieved a change of atmosphere to some extent in some places—"particularly in one or two places."

He rejected Opposition suggestions, backed by Mr. Richard Wainwright (Lib. Colne Valley), that the Government's insistence that the NEB must sell off £100m of its State industry assets will involve forced sales with the taxpayer getting the worst of the bargain.

Sir Keith also came under strong attack from Labour MPs when he sought to justify the decision to exclude the 10 or 12 high technology companies controlled by the NEB from the dispersal sale, on the grounds that they were not yet ready for acquisition by the private sector.

Mr. Frank Hooley (Lab. Sheffield Heeley) summed up the feeling on the Opposition benches with the charge: "The taxpayer will take all the risk in the high technology areas so that private interests can cash in subsequently on the profits."

Sir Keith emphasised that the "dowry" which the NEB would receive from the taxpayer for developing the high technology companies would be "very modest indeed."

He told Tory MPs, who questioned the decision to allow the NEB to go ahead with INMOS, the micro-chip venture, that it was under a contractual commitment to spend £25m.

But Sir Keith promised that a review would be carried out before any further public money was committed.

When Mr. James Hill (Con. Southampton Test) spoke of the interest of the management and staff of ICL in securing a stake in the NEB's 25 per cent holding in the company—which he said was currently valued at more than £500m—he was assured that this would be taken into account by the Government in framing the forthcoming legislation.

Mr. Anthony Wedgwood Benn (Lab., Bristol SE) argued that the only effect of the policy statement would be a "temporary and tapering future" for British manufacturing industry on which the standard of living of the people depended.

Sir Keith replied that Mr. Benn constantly confused what was called the stability provided by investment relief for businesses, stock relief provided by the Government and subsidies for industry.

"We are cutting the subsidies while leaving the investment allowances and stock relief in place."

He told Mr. Edward du Cann (C., Taunton), a former chairman of the House of Commons Public Accounts Committee, that the question of requiring the NEB to open its books to the Comptroller and Auditor-General would be considered by the Government.

Angry Labour back-benchers were last night planning to table a House of Commons motion condemning the "damaging" statement by Sir Keith about the NEB.

Mr. Bob Cryer (Lab., Keighley) said later: "This is a damaging blow to British manufacturing industry. It will lead to a lack of confidence and the recession of jobs."

UK faces isolation at Lusaka

By Richard Evans, Lobby Editor

LABOUR LEADERS are convinced that Mrs. Thatcher faces a major upheaval at the Commonwealth Heads of Government conference in Lusaka next month unless specific and acceptable proposals are put forward for solving the Rhodesia crisis.

The fears will be expressed by Mr. James Callaghan and Mr. Peter Shore, shadow Foreign Secretary in a Commons debate next Wednesday on Southern Africa.

The Prime Minister will be the main Government speaker. From private soundings made by Opposition leaders among Commonwealth colleagues, there are growing signs that Commonwealth members will seek to isolate Britain if they believe that sanctions are to be lifted in November and recognition granted to the Muzorewa Government.

The major danger continues to be Nigeria which has been threatening economic retaliation which could badly damage Britain's trading interests in West Africa.

But apart from Nigeria, Labour leaders believe there are other Commonwealth countries who could adopt a similar attitude unless there is a change of heart by Mrs. Thatcher.

The Government's present intention appears to be to see Lusaka as part of the continuing process of consultation, and not to reach a decision on strategy until after the conference.

Mr. Callaghan's fear is that this might not be enough to placate those in the Commonwealth totally opposed to recognition of the Muzorewa regime. Mr. Callaghan will also press on Wednesday for details of the Government's thinking on sanctions.

Mrs. Thatcher has admitted there is little chance of renewing sanctions in November without Labour support.

However, it is not yet clear whether the Government intends to lay an order renewing sanctions for a further year and bringing the issue to a vote, or simply allowing the legislation to lapse.

There will be considerable pressure during the Conservative Party conference in early October for sanctions to end, so Ministers may not be anxious to reveal tactics at this early stage.

House packed for hanging debate

MPs CROWDED the Commons last night as the hanging debate got under way.

Most felt sure that when they had all trooped through the division lobbies later in the evening, they would once again have rejected the death penalty—though by a narrower margin than before.

Mr. George Thomas, the Speaker, told the House that more MPs had informed him of their wish to speak than he had known for any debate previously.

Opening the debate—in which MPs have a free vote—the proposer of the motion to bring back the death penalty, Mr. Eldon Griffiths (C., Bury St. Edmunds), said that an increasing number of people now believed "that our present methods of combating attacks on society are not working."

Mr. Griffiths, Parliamentary adviser to the Police Federation, said the principle of capital punishment raised practical and moral issues.

The practical issue was: "Can the capital sentence deter or hope to deter these evil men who in cold blood plan and carry out the malicious killing of our fellow citizens?"

And the moral question: "Is our civilised State entitled, under any circumstances, consciously to take the life of any of its citizens?

The answers to those questions should be made by MPs rather than the public. He opposed the idea of a referendum on capital punishment.

"Its only political effect would be to pressurise some MPs to vote in an opposite sense to what their judgment and conscience had led them to believe is right. And that would make a muckery of this Parliament."

Statistics on capital punishment were inconclusive. There was no conclusive proof on the effect of abolition or whether restoration would cause an increase or decrease in the number of murders, he said.

Mr. Griffiths said that firearms had been used in only 43 robberies in London during 1963, the year before capital punishment was abolished. "This year, the total will be well over 1,000.

"The loss of the capital sentence has changed the odds in favour of the gunman and against the police," he said.

Now, thousands of police were thoroughly trained and skilled marksmen—and there was public unease that three people had been shot dead by police in the past year.

He accepted that there were special problems in applying the death penalty to terrorists. But he added: "In many cases, a terrorist may prefer to be a hero rather than to be a martyr."

Terrorists came in three categories: the fanatic, those motivated by a "ragbag" of notions, and the professional, hired assassin, said Mr. Griffiths.

The police had told him that where the hired assassin had to weigh up the possibility he might die, his price went up. He was convinced that in such a case, a death sentence acted as a disincentive.

Mr. Griffiths said: "What we shall not be deciding tonight is to re-introduce the death sentence." Instead, MPs would decide whether the sentence of capital punishment would be available to the courts.

Labour's former Welsh Secretary, John Morris (Aberavon) said it was up to those who sought restoration of hanging for murder to prove their case. Mr. Griffiths had not been able to prove that the death sentence would lead to a decrease in murder.

This, he said, "eclipsed almost totally the whole of his argument."

"I find the whole doctrine of an eye for an eye and a tooth for a tooth hardly suitable for a civilised society.

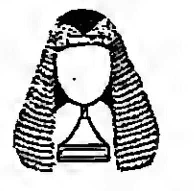
"There is no evidence to conclude the death penalty would in any way affect or diminish the amount of muggings, robbery or even vandalism."

One of the chief supporters of the move to restore the death penalty, Mr. Hugh Fraser (C., Stafford and Stone) attacked the growing number of terrorist groups responsible for killings. Society must have the monopoly of public violence.

The power of life or death must not be allowed to fall into the hands of individuals, such as the Northern Ireland terrorists. If this were allowed to happen "the whole civilised state would be in danger."

Mr. Fraser said the so-called "liberal progressive approach" to violence in Northern Ireland had failed.

The Liberal leader, Mr. David Steel, said that the State should not "render evil for evil" but should show its superiority and not stoop to the "mindlessness" of murderers and terrorists.



The real way to tackle the problem of terrorism and violence was to create better methods of prevention, more policing.

Mr. Steel said that, as an "abolitionist," he was concerned at the development of terrorism, but it was an "international phenomenon."

The Government would be taking a "backward step" against it if capital punishment was reintroduced.

Terrorists who were prepared to be blown up by their own bombs would not be deterred by capital punishment.

Review of Ulster industry

By Our Belfast Correspondent

SIR HUMPHREY ATKINS, the Ulster Secretary, has ordered a review of the financial assistance available to industry in the province to ensure that the Government is getting full value for money.

This follows a decision not to change the level or type of aid provided in the region. Grants for developments, which can reach 50 per cent depending on location, will continue, as will the Government's factory building programme.

In terms of incentives for new investments and for expansions, Ulster would remain the most competitive region in the UK, Mr. Atkins said.

However, he wanted to ensure that such assistance was the most effective instrument for the Government's purposes and that it received full value for the resources available.

The Northern Ireland Economic Council, which will meet Mr. Atkins soon to discuss public spending, suggested yesterday that changes in economic policy should not be introduced in Ulster until the beneficial effects from general UK policies became apparent.

In a letter to Mr. Atkins, it argued that more effective use of public aid could contribute significantly to the solution of the province's difficulties.

Sir Charles Carter, the chairman, said it would be willing to help find ways to improve the cost effectiveness of job creation and maintenance schemes.

Although it is clear that the Government will scrutinise more closely applications for aid, it seems that efforts to attract overseas industrial projects will not be reduced.

It is recognised that the improved flow of foreign investment must increase further if any dent is to be made in the province's unemployment figure of nearly 11 per cent.

Meanwhile, the Government confirmed that the LFE Corporation of Waltham, Mass., is to begin production of pumping equipment in Belfast late next year.

LFE, with total annual sales of more than £160m, will initially manufacture castings for mains and waste water pumps which will be sent to the US for final assembly.

But as the European market is developed, the complete assembly will be carried out in Belfast where about 300 people will eventually be employed.

NEB portfolio

"Lame Ducks"
- BL
- Rolls-Royce
- Herbert

General
- Fairey Holdings
- United Medical Enterprises
- Bull Motors
- Mollart Engineering
- British Tanners Products
- Brown Boveri Kent
- Negretti and Zambra
- Twinlock
- F. W. Elliott (Holdings)

High Technology
- ICL
- Ferranti
- Cambridge Instrument
- Data Recording Instrument
- Sinclair Radionics
- Systems Programming Hldngs.
- INMOS
- INSAC Data Systems
- Computer Analysts and Programmers (Holdings)
- Computer and Systems Engineering
- Monotype Holdings
- Systems Designers Int.
- Systime
- J. and P. Engineering (Reading)
- British Underwater Eng.
- Logica Group
- Nexos Office Systems

Small Companies
- Keland Electrics
- Agemaspark
- Aqualisa Products
- Automation and Technical Services
- R. R. Chapman (Sub-Sea Surveys)
- Hydraroll
- Mayflower Packaging
- North East Audio
- Pakmet International
- Powerdrive PSR
- Sandiacre Electrics
- Technical Resources (Equip.)
- Vicort of London
- Duo Rubber and Engineering
- Energy Equipment
- Newtown Securities (Northern)
- Technical Resources (Equip.)
- BTB (Engineering)
- Francis Shaw
- Hemmings Plastics
- Hird-Brown
- Rigby Electronics
- Sapling Enterprise

Howe defends economic policies

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S policy of tight control of the money supply, high interest rates and a high value for sterling strongly defended in the Commons yesterday by Sir Geoffrey Howe, Chancellor of the Exchequer, and Mr. John Biffen, Chief Secretary to the Treasury.

They were backed up by the Prime Minister, who said that liberalisation of exchange controls would ensure investment overseas which would be in the long-term interests of the country, particularly when North Sea oil had gone.

Although she conceded that a high level had its problems, Mrs. Thatcher added: "Undoubtedly a rising pound on the levels we are seeing now will help inflation to come down. It is a factor which helped the last Government and I believe it will help this one."

Throughout question time, the Labour front bench, led by Mr. Denis Healey, the shadow Chancellor, mounted a fierce attack on the Government's economic policies.

Mr. Healey said that leading companies, including Courtaulds, Wedgwood and Cestetner, had expressed concern about the effect of the high level of sterling.

Mr. Biffen summed up the Government case when he told his critics: "The present monetarist policies have the wholehearted support of the Cabinet, and are recognised as being an essential precondition for a reduction in the rate of inflation."

Sir Geoffrey argued that the case for relaxing exchange controls stood on its own merits.

He agreed that lower interest rates were desirable, but until public spending and the growth of money supply had been brought under control "it would be folly to reduce interest rates for their own sake."

The Chancellor emphasised that control of monetary growth was central to the Government's economic policy.

As progressive reductions in the PSBR and public expenditure took effect, however, less emphasis would have to be placed on interest rates to secure the Government's monetary objective.

"The increase in Minimum Lending Rate was necessary immediately to reduce the excessive rate of growth of the money supply," he said.

"It should be possible to allow a fall in interest rates when we can be sure that monetary growth is under control."

Mr. Denzil Davies, a Labour Treasury spokesman, said there had been suggestions that, to keep money supply within the Government's targets, interest rates would have to go higher by the end of the year.

But, while stressing that the Government was determined to adhere to firm monetary policies, the Chancellor replied that he would not like to endorse that proposition.

Returning to the attack, Mr. Davies asked whether the Chancellor could confirm that if the level of bank lending did not drop over the next few months, he would have no alternative but to put up interest rates if the Government was to achieve its monetary targets.

Sir Geoffrey replied: "I don't expect that that to happen."

Mr. Biffen came under attack from Mr. Healey, who urged him to follow the example of Switzerland, which had abandoned its monetary policy to save its industry.

Mr. Biffen replied: "There is absolutely no intention on the part of the British Government to abandon its monetary policy."

Closed shop defence denied

MRS. THATCHER yesterday denied a Liberal suggestion in the Commons that the Government Law Officers were defending the closed shop in a case at the European Commission on Human Rights at Strasbourg.

Britain 'risking racial turmoil'

FINANCIAL TIMES REPORTER

BRITAIN risks racial turmoil if efforts to improve race relations are not stepped up, says Mr. David Lane, chairmao of the Commission of Racial Equality.

The Commission's 100-page annual report urges Mrs. Margaret Thatcher, Prime Minister, to pledge that minority communities are welcome in Britain.

"In this national effort, the most important ingredient is strong political leadership, aimed at speeding up the process of adjustment and at changing attitudes and practices," Mr. Lane said.

The report records that progress in improving race relations has been slow in the last year, despite encouraging signs from organisations attacking the "evils of racialism."

The Commission's report also showed disappointing results for industrial tribunal cases involving racial discrimination. Out of 298 cases ooly 20 were successful. However, Mr. Lane added that 17 of the successful claims were represented by the Commission's own staff and legal experts.

He warned that the meagre progress could be upset by three "flashpoints."

- Policy and administration of immigration control.
- Relations between the police and ethnic minorities.
- The Notting Hill carnival.

The report calls for a Government inquiry to make present immigration procedures fairer and more humane. It threatened that if the Government fails to respond, it would undertake the task itself.

The Home Office told Mr. Lane recently that if the Commission began an investigation, its action would be ultra vires—beyond its legal powers.

Mr. Lane's request for more resources to increase the Commission's activities was also refused on the grounds that the country was facing a financially stringent period.

There has been growing criticism among minority communities that the Commission has not been using its existing powers effectively. Many feel that it should also be formulating proposals to present to the Government on the threatened nationality law.

Observers this that the Government will provide little opportunity for discussion before the law is put to Parliament.

However, Mr. Lane believes that the Commission has already made its position clear to the Government.

He appears more concerned at producing the Code of Practice—expected to be published in the autumn — which will help eliminate discrimination and promote equality of job opportunity.

The Commission is also concerned with worsening relations between police and black youths.

FINANCIAL TIMES SURVEY

Friday July 20 1979

PORTUGAL

Faced with a precarious economic situation, rising unemployment and inflation, the long-suffering Portuguese continue to show remarkable resilience in their ability to absorb the failure of politicians to provide continuous and stable government.

Urgent need for tough decisions

By Robert Graham

FIVE YEARS after the revolution in Portugal an effective means of democratic government remains elusive. For the second time in a year the country has a caretaker government and once more the long-suffering Portuguese are presented with President Eanes embarked on an unhurried search for a new formula.

Since the first elections in 1976 numerous formulas have been tried but the pack has been *shuffled so often* that the combinations appear increasingly unattractive to the principal participants. The most positive thing to be said is that the country has been able to absorb this failure to provide continuous and stable government with remarkable resilience.

The last formula tried has been non-party government. This was initiated in July 1978 when President Eanes dismissed the minority Socialist Government of Dr. Mario Soares, which had become increasingly strife-torn and impotent. President Eanes used his Presidential powers to call on Sr. Alfredo Nobre da Costa, who had no party affiliations and was considered a technocrat.

Sr. Nobre da Costa proved a businesslike operator, prepared *to confront the pressing* problems thrown up in the wake of the revolution such as compensation for nationalisation and *the handing back of agricultural* land occupied in southern Portugal. Indeed, some maintain that he owed his fall in September 1978 to being too effective. Since he cut the ground from underneath the politicians, it was inevitable that they should use their power in Parliament to topple him sooner or later. The Mota Pinto Government that followed was a brave attempt to keep the experiment going but depended also on the tolerance of the political parties for its survival.

The Mota Pinto Government fell ostensibly because of the refusal of the Socialists, Social Democrats and Communists to support its economic policy. But the real reason was rather different.

The political parties realised that non-party government was an aberration from the democratic process. It made no sense at all for an elected Parliament to stand aside while a government was formed from non-elected personalities unaffiliated to political parties. It was damaging to their credibility and at the same time tended to leave the initiative too much with the President.

Yet to dismiss the period of non-party rule as damaging and a failure would be wrong. The Nobre da Costa Administration showed the politicians what could be achieved in a short space of time. Sr. Nohre da Costa grappled seriously for the first time with the country's economic problems by attempting to exercise better management, tighten up on expenditure and reduce inflation. He did much to put the excesses of the revolution on an even keel.

The complexion of the two non-party governments was much more towards the Centre, and several would argue Right of Centre. Although this did not reflect the 1976 election result where the Socialists obtained the largest single chunk of the vote, 36 per cent, it was probably a more accurate reflection of the current mood of the country. There has been, by a fairly general consensus, an electoral shift away from the Left and towards the Right—probably an inevitable reaction given a certain resurgence of Portuguese conservatism and a preoccupation for preserving jobs and living standards during economic recession.

Acrobatics

This period has also permitted the *main political* groupings to reorganise and in some cases redefine themselves. The Socialist Party held a congress in March at which Dr. Soares accomplished a masterly piece of ideological acrobatics. He managed to hold the militant *Left wing* of the party yet at the same time point the Socialists towards a more pragmatic middle ground, clearly *distancing itself* from the Communists.

Three years ago the Socialists could not decide on whether to base their strategy on building bridges with the Communists. This separation of the Socialists from the Communists has been reinforced by the emergence of a Socialist-supported trades union movement, the UGT. Taking advantage of an apparent loophole in the constitution, this organisation was able to form and in a short space of time has made remarkable inroads into the trades union movement, until now considered the vanguard of the monolithic Communist-controlled Intersindical.

Admittedly the main inroads have been among white collar workers and in the more conservative north. Nevertheless several other non-Communist political parties have pledged their explicit or tacit support to UGT to counter-balance the monopoly of power held by Intersindical. The Communist Party's control of Intersindical has been one of the pillars of its post-revolution strength. The implantation of UGT therefore is an important change which must effect both pure Portuguese politics and a whole range of socio-economic issues.

It is no accident that Lisbon graffiti, usually an accurate indication of *Leftist* sentiment, are almost entirely preoccupied with virulent attacks on this new trades union challenge. Undoubtedly, too, the Communist party has suffered from non-party government. The austerity measures imposed have been difficult to challenge because they have been so necessary. Hence the Communists have been powerless to prevent rising unemployment (it now stands at over 13 per cent of the active population) and hard pressed also to defend the land being removed from peasants in the Alentejo which the Party itself encouraged them to occupy during the revolution.

The other political shake-up has occurred within the Social Democrat Party (PSD). The PSD leader, Sr. Francisco da Carneiro, has always played his *cards* close to his chest. But he has begun to make moves which some interpret as an attempt to manoeuvre the party so as to occupy the Centre-Right, sensing this is where the allegiance of the majority of the electorate lies. He has now deliberately shed himself of 37 out of 73 PSD MPs, provoking the departure of the so-called Lisbon group of intellectuals by this new posture.

The immediate problem is that the political parties do not want non-party government—yet equally neither the Socialists nor any of their potential allies capable of forming part of a Government wish to rule for only a year. According to the constitution elections must be held in 1980. But for this the option of dissolving Parliament and calling early elections would appear attractive.

The previous elections were held when the country had not adjusted to the aftermath of the revolution. It was unclear what role the military would play and how much the Left would impose its will. Elections now would almost certainly have a cathartic effect and show clearly the shift in political allegiance. They would also free the Socialists from any residual obligations they might feel towards the Communists.

To get round the constitution it has been suggested that President Eanes call a referendum alongside the elections in which people would also vote to waive the constitutional requirement of holding elections in the following year. But there is little real support for dickering with a referendum. While there are many aspects of the voluminous constitution that have become dated or which need redefinition — like the powers of the President — this is probably not the moment to tackle the issue.

So what happens? The Socialists could form a government, so avoiding two elections within a year. But the Socialist Party is giving fairly heavy hints that it is unwilling to pick up the unfinished pieces of the Mota Pinto administration. Tough and unpopular decisions have to be taken, including approving sharp price increases. Dr. Soares is also too *canny* a politician not to realise that he could be ridiculed for carrying out policies which he had opposed a *few* months previously — an opposition which brought down the Government, his enemies would hasten to add.

Personalities

The only condition on which the Socialists would commit themselves to a government *is* if President Eanes gave them his unconditional support. Here there is a problem of personalities. Ever since his summary dismissal as Prime Minister last year, Dr. Soares has nursed a deep hurt. Those who know him say relations have been improved, but frictions remain. President Eanes, for his part, appears reluctant to commit himself *fully* to Dr. Soares again. This would be a return to the status quo, with the complicating irritant of Dr. Soares' dismissal.

Without *mutual* confidence the whole issue of the relationship between the powers of the President and the Premier would almost certainly resurface. This is perhaps why President Eanes still insists on throwing the ball to the politicians, *saying* in his blunt military way: "You intentionally ended non-party rule, therefore you must sort things out among yourselves."

President Eanes while in office has displayed considerable skill in dealing with the military, gradually emasculating the Left and pushing the armed forces into the background. The Revolutionary Council—in constitutional terms the ultimate arbiter of national policy—plays an increasingly formal role by all accounts.

However, he still seems on unsteady ground when facing the politicians—as is only natural considering his military background and long service in the colonies. He is a reserved man and the quality of his advice is not known. The suspicion is that he prefers to listen and mediate rather than knock heads together.

Yet this is what is needed to end the seemingly tireless parochial politicking of the politicians. Someone has to take responsibility for governing Portugal and operate on a minimum consensus. Otherwise the problems just multiply. The civil service is not strong enough to keep things functioning properly for long periods without government. Yet this is precisely what it is being asked to do.

BASIC STATISTICS	
Area	35,383 square miles
Population	9.5m
TRADE (1978):	
Imports	Es 206.9bn
Exports	Es 107.2bn
Imports from UK	£286.4m
Exports to UK	£256.2m
Currency: Escudo. £1 equals Es 107.80	

The most honourable formula being touted is for an interim government composed of Socialists and Independents with a non-Socialist Premier. Some have a certain nostalgia for Sr. Nohre da Costa, though he is playing hard to get.

Certainly it needs someone who understands the precarious situation of the Portuguese economy. Uncomfortable decisions have been postponed and a new government must slap something like 50 per cent on petrol, 30 per cent on electricity and 25 per cent on transport costs. These increases must occur at a time when inflation has already crept beyond 20 per cent, meaning that for the third consecutive year wages have fallen in real terms.

No one underestimates the delicacy of the task facing any government, least of all Portugal's friends in the European Community and the U.S. But the lesson should have been learned from the strained negotiations with the IMF last year that its allies are prepared to help Portugal providing it helps itself. It is not clear that it has.

IMF kept at bay

CONSIDERING THE limitations of managing an economy in a succession of government crises, the results, in Portugal's case, are not as bad as might be expected. The country's precarious external position has been strengthened considerably in the past 18 months. The authorities have avoided selling off any more gold since the sales made in January, 1978.

The International Monetary Fund (IMF) has meanwhile been kept from the door—though clearly it is not always too happy about what is going on inside. Public spending in particular has been above IMF recommendations, budgetary control overall has been slacker and despite the Government's successful resistance to an import round of price increases in February inflation is running well above anticipated levels.

In the short term the latest OPEC price increases have added a new note of uncertainty to the political manoeuvrings. Portugal of all the European countries is one of the hardest hit by this increase. The Portuguese authorities calculated that prior to the OPEC meeting the oil import bill would rise this year from $754m to $1bn. Some $113m will now have to be added to this bill, which, to give a sense of perspective, needs to be seen in two ways—as a percentage of the trade deficit and for its impact on energy costs.

Since 1973 imports of oil and refined products as a proportion of the trade deficit have risen from only 9.5 per cent to 30 per cent. Last year the trade deficit was $2.3bn; this year it could be around $2.5bn. In terms of impact on energy prices, the increased cost of crude and refined products will mean a sharp jump. One senior official said that it would be necessary to raise petrol prices by as much as 50 per cent, while electricity prices might have to go up by 25 per cent and transport by 30 per cent.

The effect of the OPEC decision could have been absorbed more easily if the Government had decided to raise a number of prices when the IMF so suggested back in February. For instance, there was a proposal that electricity charges should go up by 18 per cent. There was a reluctance, however, to press ahead with such increases before Parliament had accepted a broad economic plan for the year along with the budget.

Unfortunately this plan was rejected by Parliament on March 23 and the Budget also was altered. This created a somewhat peculiar situation. The guidelines of the Mota Pinto Government policy did not wholly disappear. They became a bit more blurred in the new version of the Budget, only formally published this month.

The aim of the original plan guidelines was 3 per cent growth, inflation held down to 18 per cent and the current account deficit kept below the $1bn mark. It was not this aspect which aroused opposition within Parliament. The main target of opposition was a device to impose a special tax on the 13th month end-of-year bonus payments. This was thrown out on its ear. The Budget was also attacked on certain local authority provisions.

The real effect of all this was to create a sense of drift in the economy. Inflation began to pick up so that even before the OPEC decision the consumer price index was running at around 21-22 per cent.

Since public sector spending is the main engine of the Portuguese economy it is perhaps important to look in more detail at the budget and how it is balanced. Total public spending this year has been projected at $5.7bn (Es275bn). This includes transfers to local authorities, up 29 per cent, and social security payments. Although this represents an overall increase of 7 per cent on the previous year's total spending, there is a sharp rise in the budget deficit. This has caused concern.

As the accompanying table shows this was essentially the result of predictions on receipts going astray. The initially projected deficit for 1978 was 40 per cent lower than the actual deficit. Officials attribute this to a delay in adoption of sales tax measures, transfers not made by the social security system and a failure by public enterprises to transfer profits. There is also a suspicion that there was widespread evasion.

This year the national budget deficit has only increased in real terms by around 3 per cent, perhaps less. But it is questionable whether the projections in the table are realistic. As it is, receipts represent only 66 per cent of total expenditure. On existing calculations the deficit will be made up 7 per cent by Treasury bills, 18.5 per cent by foreign borrowing and 74.5 per cent through resort to the domestic banking system. But it is stressed that the actual extent of domestic borrowing will be conditioned by the ability of the municipalities to absorb their anticipated funds. Here it is expected there will be considerable underspending.

Taxes

But even if this is the case the deficit will be also conditioned by the Government's ability to collect the amount planned in higher sales taxes and stamp duty. Last year, for instance, sales tax receipts were 18 per cent below projections and this year they are projected to increase 40 per cent. The essential point about this uncertainty is that it will probably not be until late in the year before a proper picture of budgetary discipline emerges.

The local authorities may underspend but traditionally since the revolution of 1974 the appetite of public enterprises has cut their overall subsidy by almost a third. At the same time the Government has switched these funds, earmarking them for capital restructuring of the enterprises in an effort to check current spending. However, since the financial strength of these enterprises this year depended in large part on price increases previously denied, this measured effectiveness is already in doubt.

It is also worth stressing perhaps that the Government is having to make much increased debt servicing payments since loans contracted during the revolution are now maturing. (Even though the interest rate has been cut from 13 per cent to 5 per cent the increase as seen in the table is sharp.)

With Portugal's current rate of inflation this budget cannot be considered at all expansionary, even though it contains a heavy element of deficit financing. Because internationally there is now a general tendency to accept that inflation levels will be higher than anticipated, the Portuguese authorities have found it easier to accept that their rate will climb back to that of two years ago. The position of the escudo creates, however, an added element of vulnerability to inflation.

Between April 1978 and March this year it was agreed with the IMF that the escudo should fall 1.25 per cent a month on a crawling peg devaluation—apart from an initial 6.1 per cent devaluation. This has now been cut to 1 per cent per month to reduce its inflationary impact and will be cut further. But this policy may have to be completely revised in the light of the OPEC price rises.

Last year imports rose in dollar terms by under 7 per cent, reflecting both a drawing down of stocks and reduced purchases of some consumer items. In contrast, exports did well, increasing 18 per cent and justifying at one level the constantly weakening escudo. One particularly encouraging feature was the $1.6bn in remittances from expatriate Portuguese and the boost in tourist earnings.

This year so far there has been a 60 per cent increase in the first quarter in remittances, exports are continuing to expand and despite the increased cost of energy imports the current account deficit could be cut to around $6.2bn. $5.2bn are held by the Central Bank but this is on the basis of 690 tonnes of gold valued at market prices. It should also be remembered that 30 per cent of the country's gold reserves are not free but pledged as a guarantee to cover such loans as those with the BIS.

This percentage is being reduced as these loans are repaid in dina with IMF exportations. In general the terms laid down by the IMF over a year ago as a condition of financial assistance have been met *externally*. The slippage has come internally. This slippage, facilitated in part by the availability of funds in the Euromarkets, has meant that the Portuguese have not needed to feel so dependent on the institution. They are, for instance, negotiating a $300m loan in the international markets which for the first eight years has a three-quarters spread above Libor.

But Portugal's position remains sufficiently precarious for it to have to pay attention to the IMF as the ultimate arbiter of its creditworthiness. Some argua that even if there may not be a specific need, a further standby arrangement should be negotiated at year-end, if only to obtain the IMF's imprimatur of approval.

The role of the IMF has been much criticised within Portugal. It has been attacked for intarfering unduly with domestic economic policy and for being unnecessarily tough in its conditions. Certainly the IMF guidelines that involved tight credit restrictions and higher interest rates have been instrumental in the economic slowdown.

Last year demand as a whole was depressed. Steel consumption fell and cement consumption was stagnant. Unemployment rose. Growth this year will he slower, especially if there is a poor agricultural performance, which is on the cards. Most expect unemployment to rise above the present level of 13 per cent of the active population.

Yet to blame all this on the IMF, as has been done, is not entirely just. Its influence has also been positive, providing a sense of direction where the Portuguese politicians have failed. The trouble is that too many seem to have forgotten the IMF's original strictures. Thus if inflation continues the way it is going and the budget receipts are again lower than anticipated, Portugal could well face a more acrimonious confrontation with the IMF in the not too distant future.

Robert Graham

GENERAL BUDGET
(Es bn)

	1978 Projected	1978 Altered	1978 Actual	1979 Projected
Receipts	159.09	153.09	132.35	182.43
Expenditure	215.02	219.66	211.07	275.45
Basic deficit	−55.933	−66.57	−78.71	−93.02
Debt repayment	−4.54	−4.57	−4.25	−7.93
Total deficit	−60.48	−71.14	−81.97	−100.95

Source: Ministry of Finance.

Industrial gloom

PORTUGUESE industry is living through gloomy times as the victim of an economic strategy that for over a year has been almost exclusively governed by monetarist considerations.

According to Bank of Portugal figures, growth in 1978 was around 3.4 per cent compared to 6 per cent in 1977: fixed capital formation grew by only 4 per cent compared to 12 per cent. Unemployment figures are not entirely reliable since Government departments differ in their methods of calculation and consequently in their estimates, but the general pictura shows the extent to which tha recession has set in.

The Ministry of Labour estimates that between December 1977 and December 1978 the number of job seekers increased by 9.4 per cent from 455,000 to 498,000. The increase was particularly pronounced in the second half of last year, a period during which industrial production declined further and virtually stagnated. The annual rate of unemployment is now put at around 13.4 per cent against 12.6 per cent.

Nor is the outlook aoy better. An unpublished study from the Ministry of Finance recently described the situation as "chronic" and estimated that there would be a 20 per cent increase in the unemployment rate by 1983 if the Government stuck to the official output growth target of around 3.5 per cent.

The problem of unemployment is indicative not just of the stabilisation programme pursued since the second half of 1977 but also of the inherent structural weaknesses of Portuguese industry.

Dominating industry are "traditional" sectors such as textiles as well as heavy industries such as shiprepairing and shipbuilding, petrochemicals and steel, all of which are facing a world wide recession. Lisnave, the Portuguese ship repairer which accounts for some 5 per cent of the country's total export earnings has reported double losses last year in comparison with 1977—a total of Es. 564m against Es. 241m.

In addition to the domestic credit squeeze and a continuing high inflation rate, Lisnave's competitiveness on the international market has heen adversely affected by the fall in the value of the dollar. This virtually neutralised the stimulative effects of last year's devaluation of the escudo. The number of tankers repaired at Lisnave's Mageira docks near Lisbon fell from 192 in 1977 to 166 in 1978.

The year has not been any better at Setenave. Portugal's nationalised shipbuilding company which has in the past two years increased its share of ship-repairing because of lack of international orders from abroad.

Both Lisnave and Setenave appear, however, to be making the best of a far from happy situation by diversifying their activities. Lisnave invested $5m last year in new dock equipment, including automatic blasting machines and new platforms to make the Mageira yard more efficient.

Future projects include a new cleaning deck on the mainland which would take over from Lisbon's three floating docks. Meanwhile viability contracts have been signed for the design and general construction of a fishing fleet repair dock at Cape Verde, one of Portugal's former African colonies.

Generally Lisnave is hoping that its performance this year will improve as a result of a rationalisation programme aimed at reducing costs and increasing turnover. The plan has so far included a slimming of the 10,000-strong labour force through an early retirement scheme.

Setenave's future ia lesa assured. Although it has reached agreement in principle on the sale of 20 fishing vessels to Bulgaria, its international outlets in the short term are expected to be limited. The emphasis is on domestic demand, which would increase once the green light is given to a plan involving the building up of Portugal's aged merchant navy and fishing fleet.

Scheme

Generally, though, Portugal's shipbuilders are hoping that the EEC will within the next few months agree to a comprehensive credit scheme which would allow the industry to weather the storm at least until the expected upturn in the 1980s.

More complicated is the future of petrochemicals. It can only really be discussed in the context of Portugal's multi-million dollar industrial complex of Sines, which still manages to generate more controversy than any other single project.

While there is now a general acceptance that Sines is now in a too advanced stage of construction to be abandoned, opinions are divided as to the extent to which certain projects within the complex should be pursued. At Sines the deep-water port is complete and the oil refinery owned by the nationalised company Petrogal went on stream in January.

To an extent CNP's ambitions appear to contradict two basic guidelines of Portuguese Government economic policy—that priority areas in industry should be both labour-intensive and export-orientated. Not only are CNP's operations capital-intensive; their chances of finding outlets for their products seem limited. The outlook for the

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A stranglehold on organised labour

FIVE YEARS ago, organised labour in Portugal played a crucial role in toppling nearly half a century of dictatorship. Since then, the country's politicians, in their attempt to put Portugal on a more moderate course, have admitted in private what they are still afraid to say in public: the Portuguese Parliamentary system will never be able to function successfully unless organised labour is freed from the stranglehold of the Communist-dominated trade union movement, CGTP-Intersindical.

In this respect, the emerging strength of the UGT, the country's first-ever fully organised non-Communist trade union organisation, has been one of the most significant political developments of the past year.

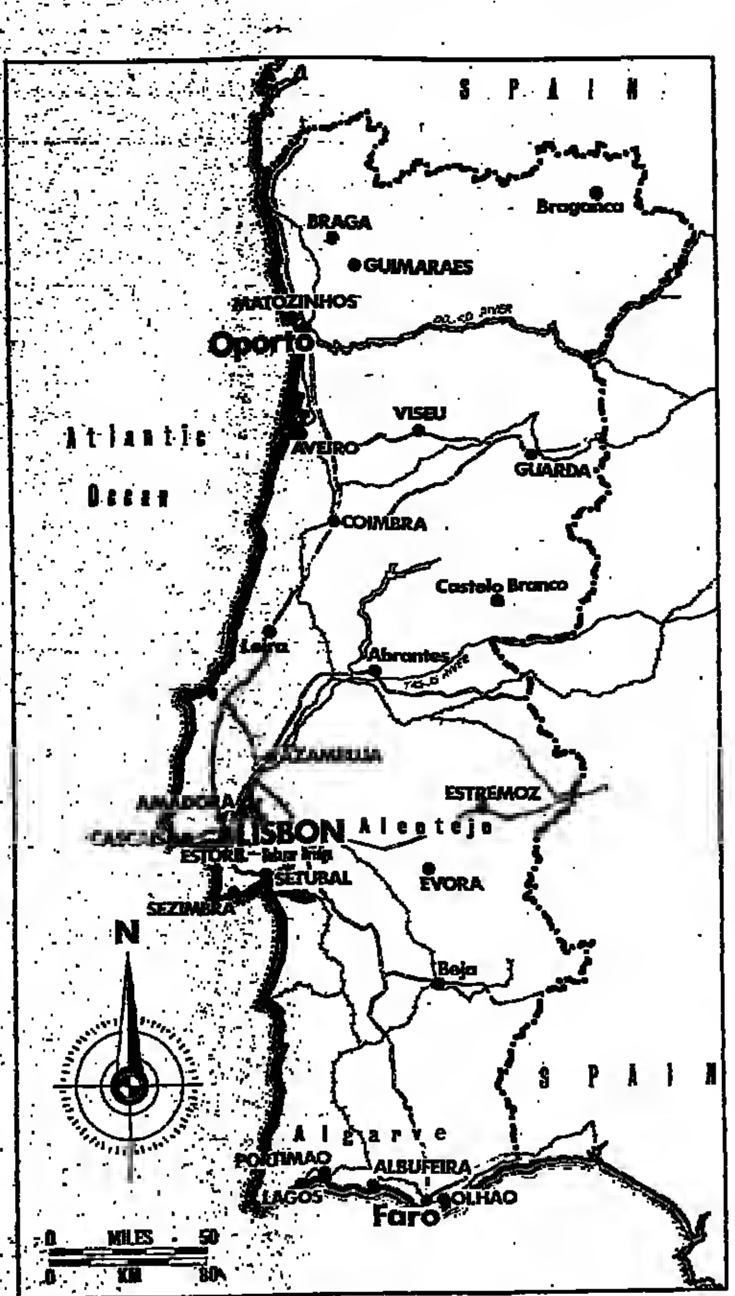
The liberalisation of organised labour in Portugal has been a matter of increasing concern for a wide political spectrum, ever since Intersindical appropriated both the structures and the influence of the old "sindicatos." These had been one of the main props of the Salazarist corporate state, and had been gradually infiltrated and rivalled by Communist labour leaders.

As the regime crumbled, the semi-clandestine Intersindical was at the forefront of industrial action.

Following the left-wing military coup on April 25, 1974, Intersindical joined hands with the soldiers and demanded compensation for its effort. The Law of Unity or Unicidade, passed by the then-supreme Revolutionary Council, established the principle of a single trade union system, with Intersindical as the country's main trade union body.

Significantly, though, the law did not define Intersindical as the only trade union organisation to which each individual union should affiliate. An important article specified that no closed-shop could be imposed, and the decision of whether or not to affiliate was left up to each union.

The formation of the UGT last October was largely the result of these loopholes in the Law of Unicidade. Its "legal" status has been further enhanced by the approval, last month, of wide sweeping changes to Portugal's trade union legislation.



Proposals

In a bill proposed by the former Socialist Minister of Labour, Sr. Maldonado Gonelha, the right of free association is categorically established. The bill also lays down a series of new rules for union elections which will further corrode the Communist monopoly of the labour movement.

Until now, decision-making at union level has taken place in general assemblies of workers and voted on a show of hands.

The new law places supreme power with union congresses of elected delegates, held every three years. Between congresses, the day-to-day running of the union will be the responsibility of a special committee. This will be elected on the basis of proportional, rather than majority, representation. Finally, all voting within unions from now onwards will be by secret ballot.

Theoretically, the Gonelha Law sets out to establish a principle of democratic trade unionism. In practice, the law will enable the UGT to share workers' committees and participate more fully in factory and government-level negotiations.

The UGT was originally formed as a predominantly socialist trade union around a restricted caucus of about 20 individual unions. In the past few months, the UGT had managed to cut across party lines and has been brought under a broad democratic banner involving Socialists, Social Democrats, Christian Democrats and Independents.

If one is to believe UGT leaders the rise of the new trade union over the past few months has been little short of meteoric. They claim that UGT now encompasses nearly a million workers and some 60 individual unions. There are 550,000 paid-up union members, while the rest are "sympathisers." Intersindical is no less ambitious, although the country's workforce is put at 3.4m workers, the trade union claims that its 1.6m membership represents 85 per cent of organised labour.

The rival claims are almost certainly exaggerated, though not entirely contradictory. The UGT does not hide the fact that its main strength, as proved by union elections this year, is among white-collar workers, and that industrial workers are still largely controlled by Intersindical. It nevertheless claims to be cutting a lot of ice among hitherto non-unionised workers who have in the past kept away from organised labour because of its identification with the Communist Party.

Moreover, Intersindical now openly looks upon the UGT as a threat to their hitherto uncontested control of the Portuguese labour force and last month organised mass demonstrations throughout the country against the Gonelha Law.

Ironically, the anti-UGT demonstrations have been among the most virulent in a year, characterised by relative peace on the industrial front. Throughout 1978, with a few exceptions, labour stuck to the Government's wage ceiling of 20 per cent.

Of the strikes that did take place, the majority took the largely symbolic form with little if any disruptive effect.

The year's two most serious strikes, that of the merchant seamen last summer, and of the telephone workers this winter, had more to do with overtime pay and conditions than with the Government's wage limit.

According to Ministry of Labour statistics during 1978 there were a total of 323 strikes compared to 320 strikes the previous year. The minimal increase in industrial unrest during the first year of the tough IMF-inspired austerity programme would seem to confirm an often-voiced theory: that in times of economic recession the mobility and political muscle of the unions is at its lowest ebb. Not only are union funds insufficient to sustain lengthy strike actions, but also the will of the individual worker is conditioned by his immediate circumstances.

Despite the relatively high degree of political consciousness that exists within the Portuguese labour movement, many workers appear prepared to accept lower wages rather than risk forcing employers (particularly in small and medium-sized firms) out of work.

Portuguese unemployment is already estimated at around 13 per cent, the chances of finding new jobs in most areas are virtually nil, and the level of unemployment benefits are extremely low compared to most European countries.

Looking ahead, however, there is no guarantee that this self enforced passivity on the labour front will necessarily continue. A number of cators would suggest otherwise.

Firstly, Portuguese industrial relations continue to be characterised by a chaotic collective bargaining structure.

There is no dialogue between Intersindical and UGT on the one side and the employers federations on the other. Instead, bargaining takes place at sectoral level between local employers and local union officials.

In many sectors, there are as many as 20 different bargaining units so that the problem of wage bargaining is immensely complicated. Wage negotiations extend for weeks and usually end with Government conciliation, a solution which is unpopular with both sides of industry.

Such a situation is further aggravated in a country such as Portugal which has a built-in tendency towards unstable governments and constantly changing administrations.

The present level of employment is largely maintained by the fact of Portugal's labour legislation making it virtually impossible for an employer to dismiss labour.

Finally, the emergence of UGT, as has happened in Spain, could lead to bitter rivalries with both sides resorting to strike action as a way of asserting their identity among a doubting working class. This was already in evidence during last month's industrial action by the country's 27,000 railway workers.

Moreover, although UGT has maintained its non-party image there is a likelihood that the political parties will in the future try to use it in order to extend their influence.

On all accounts, the year ahead promises to be a testing time for both management and labour.

Jimmy Burns

Gloom

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industry internationally is that it will be depressed until at least the 1990s by which time many other emerging countries may have developed their own petrochemical industries.

Moreover, CNP's aggressive salesmanship has always been based on the firm belief that Portugal is among the few European countries still to have a growth potential in the consumption of plastics. Per capita consumption of plastics in the country is about 12 kg per inhabitant, well below most European averages. In West Germany and Sweden, for example, average per capita consumption is between 80 and 90 kg. CNP believes that its Sines project will be able to cover the domestic market and thus contribute to correcting the huge trade deficit, which the industry has been suffering until now. The most optimistic forecast estimates that by 1990 the Portuguese petrochemical industry could have a positive balance of Es 100bn.

CNP's difficulty in convincing Portugal's ever-changing governments of the economic viability of its ambitious project has been shared by the national steel company, Siderurgia Nacional.

Since its first draft was presented in 1976, Siderurgia's national steel plan has suffered a number of amendments in line with the state of the world industry. The first project to be shelved was a projected Es 60bn investment in a new integrated steel plant to produce flat-rolled products at Sines. Even the more optimistic Portuguese officials accepted that the production of flat-rolled products in Europe is already above a realistic capacity.

Then early this year the remaining bulk of the plan envisaging a $700m investment in the country's existing steel plant at Seixal near Lisbon was reconsidered following meetings between Sr. Alvaro Barreto, the Portuguese Minister for Industry and the Vicomte Etienne Davignon, the EEC Industry Commissioner.

The steel plan has now been officially given the go-ahead, though with an initial investment reduced to about $400m. The project will concentrate on producing long-rolled products which at present account for some 55 per cent of total steel consumption in Portugal. The emphasis will be on boosting old plant with new machinery and an increased exploitation of Portugal's mineral resources.

The green light given to the national steel plan was one of the few bright spots in this generally dark year for Portuguese industry. But perhaps the most optimistic note was struck by the signing in May of the long-delayed agreement with Renault on a $400m expansion programme for Portugal's weak and underdeveloped motor industry.

Essential

Like the national steel plan, the Renault plan essentially forms part of the restructuring of Portuguese industry which is so essential within the context of the country's future EEC membership. The industry until now has consisted of 20 small assembly plants, the majority of which are totally uncompetitive on a European scale and have only survived because of continuing Government protection.

By the terms of the 1972 free trade agreement between Portugal and the EEC this protection is due to be lifted by the end of this year. Nevertheless Lisbon and Brussels have now agreed in principle on new legislation for the motor industry which would extend the quota system on completely knocked down (CKD) units and completely built up (CBU) units and allow for a gradual phasing-out period between now and 1985.

This transitional period will see the Portuguese motor industry being restructured along the following lines—the phasing-out of about a dozen unprofitable assembly plants along with their subsidiary components factories which have been maintained by Government protection. Officials stress that in order to preserve jobs many of these plants will be converted into more lucrative enterprises. The aim is to develop new assembly and components plants which are judged to be technologically advanced and firmly integrated into the European productive structure, and to increase employment in the industry as a whole.

Renault has agreed to step up car assembly, increasing its present capacity of 10,000 units per year to 80,000 by 1987. About 30 per cent of this will go to exports. Engine production will be stepped up to include the manufacture of 222,000 units by 1984, with 65 per cent of output destined for export.

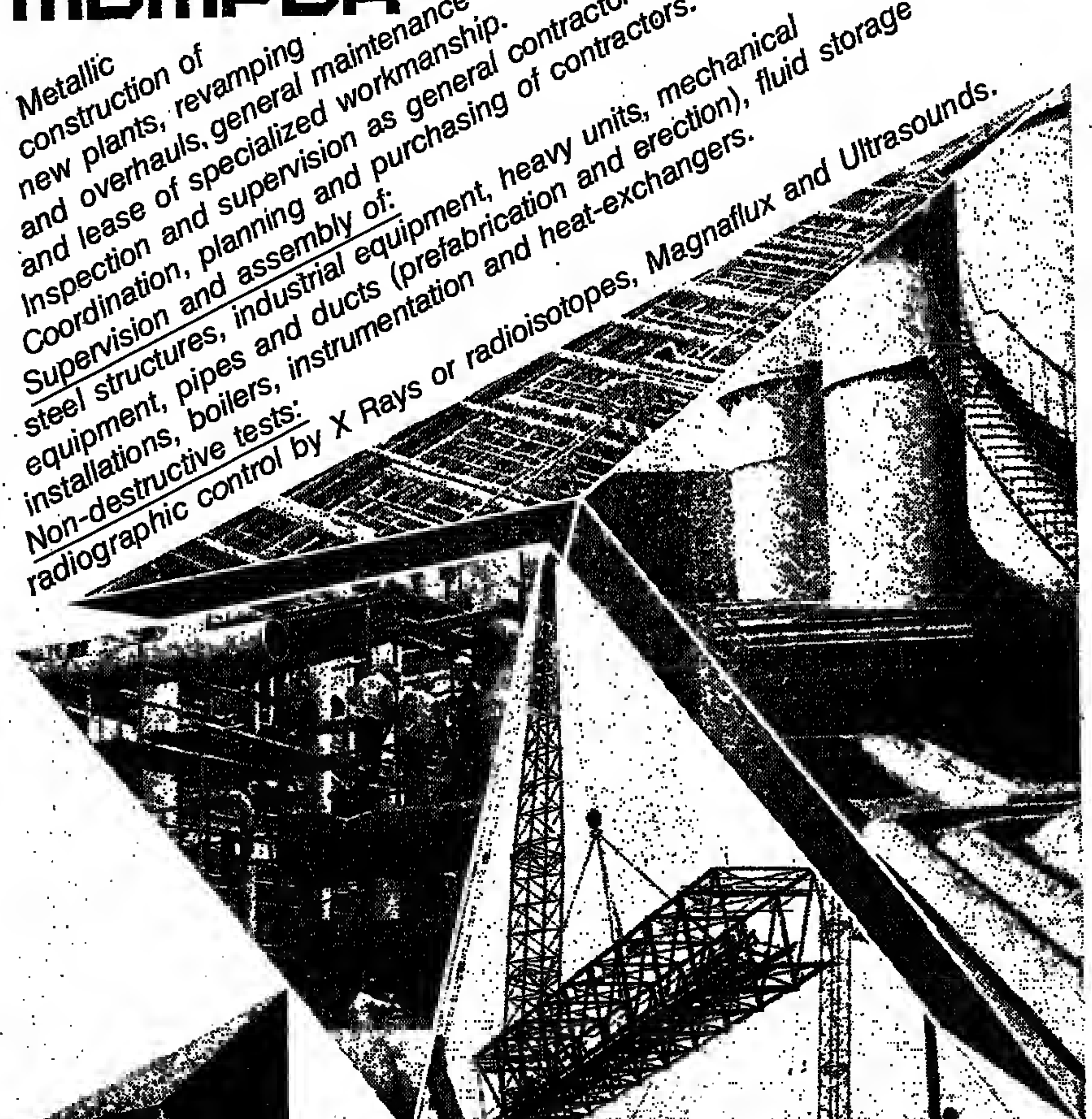
The project is the largest foreign investment in Portugal since before the revolution and is an example of an important multinational treating Portuguese industry not as an isolated phenomenon but as an integrated part of a European operation within the context of the EEC. To what extent this pattern will be followed over the next few years remains to be seen.

Both General Motors and Ford have hinted that they might be prepared to follow a similar path in Portugal. Earlier this year Ford invested $1m in the first phase of a new export programme at its Azambuja plant near Lisbon, but backed out of a proposed new $1bn European assembly plant originally considered for Sines.

Looking ahead, investment, whether foreign or Portuguese, will continue to be largely conditioned by legislation and the general political scenario. Private business is still far from happy with a labour legislation which it considers to be highly restrictive. The issue of compensation for farms and shareholdings illegally seized or nationalised following the revolution is yet to be resolved. Finally, the continuing existence of a semi-Marxist constitution means that the law defining the field of activities for the private and public sectors is still ambiguous.

The situation of Portuguese industry is not helped by the continuing political instability and changes of government. What is perhaps the main priority, the implementation of a medium-term economic plan that would set out guidelines for such crucial areas as the energy sector, has been delayed. The feeling persists that there has been too much politicking and not enough real planning as to the direction in which Portuguese industry should be moving.

Jimmy Burns



Banks seek more freedom

PORTUGUESE BANKERS tend to look upon their country's seemingly endless government crises with remarkable calm. Despite the political ups-and-downs of the past five years, their more immediate world has moved swiftly from near-anarchy to relative normality.

Banking was one of the sectors most affected by the revolutionary excesses that followed on from the "Captains' Revolt" on April 25, 1974. Using the excuse of a suspected Right-wing counter coup, the state almost overnight took effective control of over 95 per cent of all banking activities, making Portugal the European country where the state exerted the greatest power. The principle was subsequently enshrined in the 1976 Constitution, which reserved the sector for public enterprise.

In Portugal, the role of the bank is still an emotive issue, though increasingly less so. Prior to the revolution the private banks were involved in all aspects of the economy and, in many instances, were the chief shareholders in many industrial holdings.

Five years after the revolution the Portuguese banking system remains nationalised, but most of the old managers are back in their boardrooms, banking secrecy is assured, and the newly-created General Union of Workers (UGT) has skilfully toppled the Communists in the Bankworkers Union.

Even the controversy that blew up earlier this year over the appointment of new managers to the nationalised banks (because of the expiry of the three-year contracts of a number of executives) turned out, in the end, to be somewhat of a damp squib.

Though a great deal of last minute political haggling did precede the new appointments, including a reported clash of opinions between Finance Minister and the Prime Minister, the final list published last month contained few surprises. As one commentator put it: "The Socialists still have their men in the banking system, but these have been judged on account of their respectability and efficiency rather than their political affiliations."

For all the changes of Government, the broad brushstrokes of economic policy during the past two years have shown an underlying continuity to which Portuguese bankers have made a crucial contribution.

Put another way, under the auspices of the IMF, socialist Utopias have been profoundly diluted by purely monetarist considerations. The Portuguese banker as the supervisor of a tight credit policy has taken on the dual role of civil servant and market-orientated businessman.

Moreover, as a result of the IMF, Portugal's external position has improved in leaps and bounds so that for all its political instability the country is still considered a good "risk." Significantly, despite the chaotic political atmosphere that prevailed both before and after the Government's budget defeat, Portugal still managed to tap the Euromarkets and began negotiations on a $800m loan from a group of leading international banks.

Changes

But nothing perhaps better illustrates the changing aspect of the Portuguese banking system than the authorisation, earlier this year, of private investment companies. By the definition of a decree law passed at Cabinet level, these will be entitled to grant medium and long-term credit, either from their own resources or through the co-ordination of other sources of finance from credit institutions and from similar Portuguese and foreign establishments. One doesn't have to look too closely to realise that, in principle, at least there is now the basis on which private banks could return to Portugal.

The "Parabanking institutions" as the investment companies are defined, will be able to concentrate on the wholesale rather than the retail side of the banking system. This will have a main advantage of cutting down on costs by streamlining staff needs. Portuguese banks, largely on account of the thousands of clerks who returned to Portugal following the African decolonisation, are grossly overstaffed and not as efficient as they might be in day to day operations.

In terms of operational areas, the new institutions will be able to concentrate in lending on a longer-term basis to the private sector, particularly the many "lame duck" small and medium-sized companies to which the Government and the state-owned banks cannot afford to give proper attention.

While the investment companies will not act as industrial charities by lending indiscriminately, they will, however, be in a better position to co-ordinate foreign finance in the sector and to promote revitalisation projects in the form of joint ventures.

It is not surprising, therefore, that the two groups which have shown the most interest in being authorised as investment companies involve Portuguese industrialists who, in the past, have felt themselves ostracised by official credit policy.

The first is led by Sr. Jose Manuel de Mello, one of Portugal's leading entrepreneurs. Sr. de Mello last year established a financial services company in equal partnership with Deutsche Bank and Morgan Guaranty, ostensibly to advise potential investors but also in anticipation of the new investment company regulations.

The second group has been co-ordinated, involving some as yet anonymous northern businessmen by a former vice-governor of the Bank of Portugal, Sr. Artur Santos Silva.

That the initiative for this project should come from Oporto, rather than Lisbon, is not entirely surprising. Entrepreneurs in northern Portugal have always looked rather scathingly on Lisbon as "a city of inefficient bureaucrats, hanging on to credit and doing none of the work."

But although the authorisation of private investment law, authorising the appearance of private investment companies, was widely heralded as a major breakthrough in the liberalisation of the Portuguese banking system, the picture is not quite as clear-cut as it might have at first seemed.

Only recently, Sr. Antonio Saldanha, a leading spokesman for the MDM group (as the Mello/Deutsche Morgan partnership is called) published a leading article in the weekly "Expresso," attacking what he defined as serious restrictions contained in the decree law.

The investment companies are not allowed to accept short-term deposits. Nor are they permitted to issue guarantees to a company's operation, unless the investment company has a participation of not less than 10 per cent in the firm involved. Finally, Saldanha criticised the gearing ratio between total commitments and the investment company's own capital. This the law defines as 1:10.

The criticism probably goes a long way towards explaining why MDM and other groups have adopted a "wait-and-see" attitude, rather than choosing to go all-out and knock with their applications at the Ministry of Finance's door.

It remains to be seen whether a future government will respond to the critics and liberalise still further. The issue again is an emotive one and, significantly, the Communist Party has already presented a request that the law be subject to parliamentary amendments.

Most bank officials, however, are convinced that, sooner or later, the investment companies will be a fact of life in Portugal and the banking system will be further transformed as a result.

For the moment, managers on the boards of the existing Portuguese commercial banks believe themselves to be somewhat handicapped. According to present legislation, the Bank of Portugal is allowed to issue general guidelines on matters of credit policy, leaving the individual banks with relative freedom of action. However, these general guidelines often translate themselves into outright intervention.

So, some Portuguese bankers believe, more freedom is needed if they are to become truly competitive in the face of investment companies.

Looking further ahead, it seems likely that the Portuguese banking system will eventually accommodate itself to what is fast becoming a more market-orientated economy. The investment companies may be transformed still further as a result of "relaxation of present constitutional constraints, will evolve as a natural compliment to the nationalised banks.

As a result, credit will be more evenly distributed among the various sectors of industry than has hitherto been the case.

Jimmy Burns

Agrarian reform still an explosive issue

DR. APOLINARIO VAZ PORTUGAL, Portugal's Minister of Agriculture for just under one year, is a disappointed man these days.

An ambitious national plan for the agrarian sector (involving widesweeping reforms, credit policies, and training schemes which he had promised would see the light of day at the annual Agricultural Fair of Santarem, last month) was shelved, following the Government's Parliamentary defeat and consequent resignation.

Once again purely technical considerations in the most backward and chaotic sector of the Portuguese economy have been forced into second place by politics.

Toe pattern has differed little throughout the year. Five years after the revolution, agrarian reform remains potentially the most explosive political issue in Portugal.

The decision last October by the then caretaker Government of Sr. Alfredo Nobre da Costa, to resume the handing back of collectivised land to private ownership, led to immediate confrontations between communist peasants and riot police.

The drama of the occasion was exploited to the full by Sr. Alvaro Cunhal, the Communist Party's secertary general who accused the Ministry of Agriculture of bringing Portugal to the brink of a civil war.

Difficulties in anforcing the land handbacks, in the face of a well-orchestrated and not entirely unjustified media campaign against police brutality, led to the isolated resignation in March of the man most directly involved with agrarian reform: Sr. Augusto Ferreira do Amaral, the Secretary of State for Agrarian restruction.

The departure of Sr. Ferreira do Amaral led to the first serious confrontation between the right wing of the political spectrum and the Mota Pinto administration. It was, in retrospect, the beginning of the end for the Government.

On paper the Government's campaign to hand back an estimated 200.000 hectares of land, illegally seized at the height of the revolution in 1975, appears to have been remarkably succesful.

In the period October, 1978, to May 1979, under two successive non-party Governments led by Sr. Alfredo Nobre da Costa and Sr. Carlos Mota Pinto (Sr. Vaz Portugal served as Minister of Agriculture under both), 80,320 hectares were given back—bringing the total land illegally seized (but now back in private ownership) to 169,981 hectares. Portuguese officials boast that this has been achieved with a great deal of rhetoric but generally limited physical resistance from the peasants. In their view this is an indication that Communist influence and power, in the southern agarian belt of the Alentejo, is more apparent than real.

Supporters of the Confederation of Portuguese Workers (CGTP) at this year's May Day rally in Lisbon.

Protests

The claim is true to some extent. Despite the initial clashes, subsequent interventions by the riot police have met only with the occasional barricade. And if there were voices raised it was more in the form of harmless street demonstrations in the local towns than running battles in the farms.

Arguably though, the use of riot police rather than dialogue to apply a law which, by the terms of the constitution, should be open to discussion by all sides, involved a bad reflection on a new democracy. The tough tactics have contributed to a further political dimension to the issue and beneath the passivity there is now an ingrained feeling of bitterness in the Alentejo which is a bad legacy for a future government which might want to tackle agrarian reform in a more technical way.

And, anyway, the problem of agrarian reform is a great deal more complex than any expression of violence or the measurement of returned land.

The Agrarian Reform Law, approved by Parliament in the summer of 1977, is on face value the first attempt to bypass politics in the agrarian sector and present instead a coherent project directed at technical improvement in the sector.

In a recent interpretation of what is generally accepted as one of the most complicated laws in the Portuguese Statute Book, the World Bank described the redistribution of land that was expected to take place in an approximate area of 3.5m hectares in the Agrarian Reform Zones of Alentejo and Ribatejo.

Some 780,000 hectares would be set aside for private ownership, a further 1 to 1.4m hectares would be under collectivised or co-operative-type organisation, and the rest in small and medium sized farms mostly privately owned.

Critics of Government action during the past year point out that the application of the Agrarian Reform Law has been one-tracked, breaking up collectives while turning a convenient blind eye to the hectares of private land, which by the terms of the law, should be nationalised.

Moreover, the concentration on the agrarian reform belt of the south has still left unresolved the problems of the north where there is also a desperate need for restructuring, but of a different kind. In contrast to the "Latifundia" of the Alentejo, northern Portugal (which accounts for over 80 per cent of total agricultural production) is characterised by hundreds of family-owned plots or "minifundias," the majority of which are less than 50 acres.

Many of the plots are less than 10 acres, having been passed down and divided from generation to generation. Much of the land is fertile and potentially highly productive in products such as cereals and dairy products.

However, because the land tenure is so fragmented, the most common result is agriculture practised part-time, or as

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Building up links with the world

IN THE five years since democracy returned to Portugal, the country has actively pursued its desire to establish diplomatic ties with the rest of the world. After many years as an international outcast because of overseas colonialism and domestic authoritarianism, Portugal now finds itself welcomed at international forums and respected in the United Nations.

It has turned away from centuries of concentration on the far-flung heritage of Portuguese explorers to a close look at the nations that lie around its own doorstep. The process has been encouraged by the Common Market, ready to welcome Portugal into its membership.

The change of direction has been traumatic, both psychologically and in economic terms, but the wounds of over-hasty decolonisation are almost healed and the Portuguese are heartened by the dozens of countries which now accept them.

But all has not been plain sailing for Lisbon's vigorous foreign initiative. On balance, however, there have probably been more crests than troughs.

Late last year Portugal gained a coveted seat on the UN Security Council and since then has been much courted by those African countries keen for sympathetic attitudes towards the liberation movements in Southern Africa.

Enclave

This January, after months of manoeuvring, Lisbon and Peking finally exchanged ambassadors, a diplomatic breakthrough earlier complicated by the strong pro-Soviet leanings of early Portuguese post-revolutionary governments. Portuguese interest in the link with China has, of course, much to do with the tiny mainland enclave of Macao, officially considered Chinese territory under Portuguese administration.

The enclave's status seems destined to remain unchanged in the foreseeable future. But there was a time when strong rumour, later denied, maintained that China wanted Macao back, gambling dens and all, to show Taiwan that incorporation with the mainland would not necessarily end the different lifestyle of the former Formosa.

In another part of the Far East Portuguese diplomacy has been more controversial. This is in the now Indonesian-run territory of East Timor. The Portuguese withdrew from Dili in disarray at the height of their decolonisation process; tough guerrilla warfare between Indonesian invaders and Timorese liberation forces followed.

The Portuguese never formally granted independence to the colony but Jakarta claims that it has been incorporated into Indonesia at the bidding of a majority of Timorese. Portugal has long since handed the problem to the UN committee on decolonisation and continues to defend East Timor's right to self-determination.

But its critics maintain that Lisbon has not done enough to follow up its revolutionary promises to hand over the colonies to their natural leaders. Apart, however, from cutting diplomatic ties with Jakarta as was done in 1975, there seems little else left for Portugal to do at the moment to settle the whole tragic question.

The two main themes of Portugal's foreign policy centre on relations with Europe, especially the Common Market, and developing links to the ex-colonies. Within this framework Africa has been the target of some major foreign policy initiatives, both on the part of the President, Gen. Ramalho Eanes, and Lisbon's Necessidades Palace, seat of the Foreign Ministry.

These attempts have had mixed results. In the cases of Guinea Bissau, Cape Verde and Sao Tome, relations are excellent and co-operation and trade agreements are moving ahead smoothly. But Angola—former jewel in Portugal's imperial crown—and Mozambique have proved more intractable.

In spite of a summit between President Neto and President Eanes last June in Bissau, leading to a general co-operation accord, relations continue to be stormy. Earlier this year Luanda baulked at signing a major trade agreement with Lisbon, after condemning continued support by some Portuguese for Joanas Savimbi's UNITA guerrillas still waging a bush war in southern Angola. The agreement was finally signed but only after the Angolan President himself had made clear his displeasure at continued Right-wing attacks in Portugal on his Government.

Although the presence of Unita and FNLA activists in Lisbon embarrasses the Portuguese government, which would like them to quietly disappear, it is unable to accede to Angolan demands to ban them without infringing the ample liberties guaranteed by the country's 1976 constitution.

A mood of tolerance seems to be prevailing at the moment and, indeed, the President recently sent a special envoy to Luanda reportedly seeking President Agostinho Neto's help in mending Mozambique's frayed relations with Lisbon.

Ties between Lisbon and Maputo have sunk to an all-time low recently, with several factors creating tensions. They include financial "contenciosos" over Mozambique's nationalised banking system, Portugal's continued debt responsibilities for the Cabora Bassa dam scheme, and the lack of consular protection rights for Portuguese contract workers in Maputo.

The Necessidades is cautiously optimistic that things will improve, however, and new missions are being planned to try to resolve the outstanding problems.

On Portugal's part much is at stake. Apart from the trade and cultural benefits springing from keeping on a good footing with Portuguese-speaking Africa, Lisbon's would-be role as Europe's interpreter in the region is being tested.

For it is clear that until the touchiness is taken out of state-to-state relationships and mature, stable diplomatic ties are established, Portugal will not find it easy to build its Euro-pean-African bridge.

Portugal's other interest in Africa lies with its historical and cultural neighbours, the Arab world.

Lisbon's decision two years ago to establish diplomatic ties with Israel drew some heavy flak from the Arabs, with whom lucrative trade was developing. But now oil has been poured on the troubled Luso-Arabian waters to such an extent that the Arabs have indicated that they would call on Portugal if the need for a Middle East mediator ever arose.

Portugal has also been making overtures to the non-aligned movement and following the recent state visit by President Eanes to Yugoslavia, will have observer status at the non-aligned summit in Cuba later this year.

Summit

It may seem contradictory at first sight for a NATO member country and prospective EEC candidate to be broadening contacts with non-aligned nations. But diplomats in Lisbon say Portugal has an eye on the main chance of improving relations with Angola and Mozambique through contacts at the summit.

Notwithstanding its strenuous efforts in Africa and elsewhere pride of place on the foreign policy front since 1976 has been given in Europe and specifically to the Common Market.

The EEC has accepted Portugal's Socialist-sponsored request to join and hopes that not only will the move strengthen Portugal's democracy but that it will also give Lisbon the reference point it is seeking in the world.

But while the Portuguese have shown interest in principle in the Common Market, they have so far failed to get down seriously to the nitty gritty of negotiations.

Indeed, so disorganised has been the approach that EEC officials in Lisbon are showing considerable concern that Portugal will fall behind neighbouring Spain in moves towards accession. Equally lackadaisical has been the Government's attempts to inform the general public about the Common Market and the effects membership will have on every aspect of Portuguese society. There is some hope that things will improve with the opening soon of a Common Market information office.

There is no doubt, however, that the decision to join the Common Market has been one of the post-revolutionary high points of the country's foreign policy, a policy which also continues to underline Portugal's long-standing commitment to NATO.

Portugal's important geographic position has never been underestimated by its NATO, European and North American allies. And its most strategically vital contribution is without doubt the air base at Lajes on the Azores archipelago in the Atlantic Ocean.

Last month the U.S.'s lease on the base was extended to 1983 re-securing NATO surveillance of Soviet submarine activity over a vast stretch of the North Atlantic.

Lajes is also important as a staging post in U.S. supply runs to European bases and to Middle East trouble spots. Its standing has been further enhanced by Soviet recent truculence over continued U.S. access to the Rota air base.

As political instability institutionalises itself in Portugal, the importance of NATO and EEC membership increases proportionately, for they provide a kind of insurance policy to Portugal's young democracy. NATO keeps the historically volatile military force occupied while the EEC will undoubtedly stimulate the economic and political structures profoundly.

Kenneth Pottinger

Reform

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a residual occupation by old people, or a female member of an emigrant-owner, or tenant's household.

Government officials have recognised that a major priority for the north is the enlargement of some of the excessively small plots either into privately owned small farms or co-operatives.

That this action has not been as forthcoming as in the south may again have a political reason behind it. The area is the most conservative in the country; untouched by the 1974 revolution, the existence of its inhabitants is firmly rooted in tradition and property. There is also a more immediate fear of the consequences of leaving the smallholding at a time when alternative employment is not apparently available.

Moreover, the small farmers have a powerful organisational front in the Confederation of Portuguese Farmers which, in the past, has managed to use its political muscle to full effect. In 1975, for example, it allied with the Church to prevent the Communists from extending their influence north of Lisbon.

But for all the political constraints that persist, the past year has seen a number of developments in the sector aimed at removing Portuguese agriculture from partisan involvement and placing it on a more efficient level.

Perhaps the most important has been the creation by the Government of the Financial Institute for Aid and Development to Agriculture and Fisheries (IFADAP), to coordinate and plan domestic and international credit to the agrarian sector.

As has been underlined in a recent World Bank survey, the small amount of institutional credit supplied to Portuguese agriculture, relative to all other sectors, is one reason for the decline in the rate of gross fixed capital formation in the sector.

Gross fixed investment of approximately 9-10 per cent of agricultural GDP hardly covers depreciation of non-land assets and creates no new capacity for growth.

The Bank assumes that credit should climb to about 50 per cent of agricultural GDP in order to reflect the higher proportion (12 per cent) of fixed investment to GDP and complementary working needs. Agricultural credit should be expanded to around abnut Es.30m, or twice the amount available at the end of 1975.

The appearance of IFADAP will not only increase the amount of credit available it will also rationalise its distribution. Until now, lending to the sector has been carried out by a cumbersome collection of commercial, saving and co-operative banks. These have had a tendency to work independently from each other and according to different criteria. Their operations in the agrarian sector will now come under the auspices of IFADAP.

Any collective or private farmer will only be officially granted a loan once the project in question has been carefully screened.

IFADAP operations have so far been limited and their future is largely conditioned by the political scenario, as well as by the speed with which future ministries of agriculture can push ahead with the restructure of the agrarian sector.

IFADAP is believed to be negotiating loans with an impressive list of international banks and credit institutions, including the European Investment Bank and the World Bank. The money is clearly there for the asking, though Portugal's creditors will be reluctant to release it until a great deal more thinking goes on as to where to put it.

J.B.

Record year for tourist industry

FOUR MILLION tourists are expected to visit Portugal (*population 9m*) this year as the couotry experiences an unprecedented boom in its major industry.

Indeed, this summer Portugal's 140,000 bed-capacity is reportedly a sell-out—even the camping sites wonld find it difficult to squeeze in another tent.

The lean post-revolntionary years, wben political upheavals kept visitors well away, are now over and tourism in the past two years has sbown increases of 29 per cent (1978) and 23 per cent (last trimester, 1979), compared with the previous years.

In 1978, the sector was the second biggest foreign currency earner, pulling Es7,500m into State coffers. But unless some major steps are taken soon, the country is going to find it hard to keep up with increasing demand for its sunny climate and kilometers of golden beaches.

Indicators sbow that Portugal underinvested in this vital industry and there are moves to attract foreign capital ioto what is claimed a virtually "success guaranteed" venture. Hotela on the Algarve, for example, report year-round 75 per cent occupancy rates.

The short-term austerity situation and IMF-imposed credit restrictions are hampering any beavy State spending on tourist developments for the preseot, so the emphasis is on drawing external Investors.

According to the Institute of Foreign Investment, during 1978 eight countries poured nearly £2m into new developments in tbe sector. Heading the list was Holland, followed by West Germany and Norway, while France and the U.S. also made a sbowing.

Tbe confideoce foreign money has in tbe growth pntential of this under-capitalised industry is shown by the fact that investment in tourism was 11 per cent of total foreign inpnt to Portugal, last year.

But the picture also has its darker side. Industry sources warn that tourism's important economic role will only be secure if the problems of a faulty infrastructure are overcome. Some tourist agents for instance, are concerned that the multi-million Escudo business has reached saturation point. One agency director, possibly guilty of over-statement, warned that the major tourist area, the Algarve, would "die" within five years unless the region was given a major capital injection for improving roads, air links, sewerage, communications, hotels, water and food supplies.

He says some of the popular golden beaches are now so polluted that they are serious health hazards and that a proper regional sewerage system is a priority.

No official studies on pollntion and related problems are published, bnt health sources say Portugal has no worse record in this respect than neighbouring Spain, or indeed other popular Mediterranean holiday areas.

Government incentive schemes for would-be investers are generous. Financing comes througb loans available for up to balf total investment at interest rates of between 15 and 17 per cent, repayable over 15 years. Plans are under discussion to raise these *limits*.

But there are inevitable delays in building any new development and meanwhile the flow of visitors grows. To try and meet It, Commerce and Tourism Minister, Sr. Abel Repolbo declared recently that moves were under way to complete dozens of half built buildings in various tourist spots, thus bringing another 10,000 beds on to the market and providing 3,000 more jobs. The new beds are in complexes which were under construction when the 1974 coup occurred frightening off the entrepreneurs responsible.

Such plans, bowever, are only likely to keep the country abreast of growing demand and do little to cope with expected future expansion.

And with an escudo which has devalued some 50 per cent since 1978 (and continues sliding downwards at a rate of one per cent a month against a basket of European currencies) expansion seems assured.

Initiatives

Among initiatives taken by the State Tourist Authority to *ensure this are:* the successful selling of the country as a major European convention centre — and a Tourism Fair which attracted 1,500 Portuguese and foreign travel agents, earlier this year, and bas given tourist promotion in many target areas a big boost.

Why do tourists flock to Portugal, and who are they? The tourist board has some profiles of its customers which show that unlike neighbouring Spain, the country does not attract mass tourism. Neither are those wbo come bere on luxury tours. Rather the average visitor seema to be a middle income citizen on a group tour. Portugal is apparently a favourite sunning spot for students, teachers, middle management and skilled workers, among others.

To these, as to any other, the tourist carrying hard currency, Portugal, overall, affers an overall gnod bargain.

There Is luxury to be enjoyed but unlike tbe rest nf Europe it is at a fair price. In the Algarve the four and five star hotels, built during the 1960s for a largely privileged class, have found themselves democratised by the revolution five years ago. While princesses and business tycoons still look in on the casinos and the golf courses, simple people are crowding nut the hntels.

Looking ahead, Portuguese tourism clearly has considerable potential. While the Algarve, the environs of Lisbon and Madeira are the favourite sun spots, Portugal still has large areas of untapped beauty which make a number of the better-known resorts of Europe look like wasteland, in comparison.

A good illustration of this is the Green Coast and Minho mountain region, north of Oporto, which offers beaches flanked by green pines and topped by panoramic vineyards and rolling mountains. Throughout the year there is hardly a foreign tourist in sight—and small wonder, given that the region's infrastructure has developed little over the past 50 years.

The picture is similar in the beantiful mid-Atlantic volcanic islands of the Azores, Portugal's equivalent of the Canaries. The recent $80m economic aid package offered to the Azores, in return for continued use of the Lajes military air base, could contribute tn the development of a region which has been neglected in the past.

There are economists, of course, who see a danger in the development of Portuguese tourism. As a source of foreign exchange, its future contribution to the balance of payments is undisputed. There is a fear though of excessive concentration on tbe sector, made at the expense of industry and agriculture.

As one critic put it: "We want to join the EEC, but nbt simply as the holiday camp of Europe."

Kenneth Pottinger

Textiles sector buoyant

WHEN PORTUGAL'S large textiles and garments sector does well it is usually a good sign for the economy of the country, as a whole. It is not just that the sector is the biggest single manufacturing employer, with 20 per cent of the manufacturing labour force, and the biggest exporter, accounting for 30 per cent of the country's exports. Its importance also lies in the indirect employment it offers in other sectors, such as services and transport, and in the regional role it plays.

Most of the employment in the sector is in the north of the country in small towns and villages within an hour or so's drive from Oporto, though there are other important centres elsewhere in the east and north-east, such as Portalegre (man-made fibres); and Covilha (wool textiles).

In many of these small towns, textiles represents the only (or dominant) source of employment and is therefore a valuable brake on the drift in population that would otherwise take place to Lisbon and Oporto and to other European centres.

The buoyant performance of the industry over the past year, at a time when most other sectors have been in decline, has therefore been of considerable importance, helping Portugal to earn much of the foreign exchange it has needed to finance costly imports of food, capital equipment and other items.

Yet well as the industry has performed, the contribution it has been able to make towards Portugal's many economic problems has been limited by factors outside its control, and it is this which is now causing serious concern to the industry, its trade associations and to the Government.

Though many companies are now working at a relatively high rate of capacity, with demand from important markets such as Britain still very strong, manufacturers are warning that tough quota restrictions imposed by the EEC over the past two years could produce a serious crisis for textiles and clothing within the next few months, leading possibly in some cases to closures and bankruptcies.

The EEC decision to place Portugal under quota control, along with other Mediterranean associate countries, is itself regarded as unfair by the Portuguese, but the effects have, in fact, turned out to be worse than expected for two reasons.

Firstly, the restrictions (as in the case of other countries brought under control) were based on export peformance in 1976, a year which—because of the turmoil following the country's revolution—happened to be one of the worst experienced by the industry.

Thus, quotas for many products have been set below levels achieved in the early 1970s and, in the case of Britain, total exports last year (in the event substantially above quota) fell around 3,000 tons short of the 1973 total.

Tight quota restrictions have also been imposed by West Germany which takes less than one per cent of its total textile imports from Portugal.

A further complication for Portugal has been added to the lateness with which information on quotas has become available. The 1978 agreement with the EEC was not reached until well into last year, by which time most manufacturers had signed contracts with their big retail customers.

As a result, quotas in some products were greatly exceeded. This year's quotas, finalised under an agreement for 1979-81, reached at the end of 1978, were only made known to the industry late in the first quarter, long after orders for many products had been placed.

As a result, in some sectors—such as shirts and blouses—70 per cent of the quota had been shipped by the end of May and some manufacturers are now deeply concerned that within the next month they will no longer be able to deliver goods to customers in fulfilment of orders because of lack of quota.

The difficulty is greatest in the UK and Germany, but there are problems, too, in France and Belgium, and outside the EEC in Norway.

Controls

The industry's problems are largely the result of its heavy dependence on the UK where pressure from imports from all sources has been particularly strong, leading to determined lobbying by the domestic industry for controls. Portuguese manufacturers have made efforts to diversify into other markets, but with limited success.

Italy, for example, took less than 2 per cent of the country's textiles exports last year and is generally regarded as barren ground while Germany took only 7 per cent and France 8 per cent compared with the UK figure of around one third. To some extent, the Portuguese point out this is itself the result of the quota system which tends to freeze the existing pattern of exports, with country by country allocations being based on past performance. To make matters worse, home demand for the industry's goods has also fallen as a result of the high rate of domestic inflation and unemployment.

Portugal's case for more generous treatment is now being looked at by the EEC and unless some relaxation in quota levels is authorised the sector is likely, according to some Government and industry officials, to suffer serious damage. This, in itself, could lead to social and economic problems and hence to an undermining of the country's fragile political stability. The argument being advanced to the Brussels authorities is that, as an applicant for EEC membership, Portugal should be shown special consideration, possibly by being allowed to use up quota not fully utilised by third countries outside the EEC and its grouping of Mediterranean associates. Without a strong textile industry, it is being claimed, Portugal could be too weak industrially to enter the EEC and should therefore be encouraged to develop its markets in richer northern European countries.

But while quotas are the immediate pre-occupation the need to look further ahead has also been recognised by the Portuguese authorities with the appointment of Werner Associates, a firm of management consultants, to look into the structure of the textile and clothing industry.

The industry is now heavily concentrated towards household textiles (sheets and table cloths), men's shirts, trousers, suits, women's blouses and tee shirts. In addition, it is a substantial supplier to overseas markets of cotton fabric and yarn (though recently because of strong demand it has begun importing cotton yarn for the first time).

In structure it consists of around 2,000 companies, more than half of which employ less than 50 people, with fewer than 20 employing more than 500. The Werner report is likely to look at ways in which some rationalisation of the smaller groups could be achieved, and at which products and markets the industry should cultivate.

Economic pressures have already helped to bring about some regrouping but with the industry still very largely in family hands, and voluntary mergers have not been easy to achieve.

Providing serious damage both to the industry itself and to customer confidence does not result from the short-term quota difficulties, the Portuguese authorities believe their textile sector can, in the longer term, represent a substantial asset to the EEC. It will offer after Portuguese entry some time in the early 1980s a low cost base within the community for textile manufacture, able to compete with many of the more distant low-cost suppliers in the Far East.

As such the Portuguese expect their importance as a supplier of labour-intensive items such as clothing to go on increasing with Portugal in many cases processing yarns and fabrics—the capital intensive textiles sectors—produced elsewhere in the community.

Much will clearly depend on the terms for Portuguese entry, but the industry, at this stage, believes that with a transitional period of perhaps five years it will be able to adjust to the increased competition which it can expect from the textile industry in other parts of Europe—now largely excluded from the Portuguese market by tariff protection. The industry is expecting as a minimum, however, access to other EEC markets free of quota control, immediately on entry.

Within the EEC and able to sell its goods freely in the European market the industry is confident it can play an even bigger part in future in helping to sustain the Portuguese economy.

Rhys David

APPOINTMENTS

Sir John King on U.S. bank Board

Sir John King, chairman of Bobcock and Wilcox, has been elected to the Board of FIRST UNION CORPORATION OF CHARLOTTE, North Carolina. First Union, a bank holding company, provides a variety of financial services throughout the southeastern U.S. and in Europe and the Far East. Its principal subsidiary is First Union National Bank.

★

A marketing expansion scheme by ARIOLA RECORDS in the UK is to come into full operation by September 1 with investment backing by the German parent company Bertelsmann. Business relationship has been renewed for three years with Pye Records, which will carry out Ariola's pressing and distribution. In addition to the company's sales force a number of immediate appointments have been made at Ariola. Mr. Andrew Pryor becomes senior director, reporting to Mr. Robin Blanchflower, managing director. Mr. Ray Jenks joins the company as sales director from Polydor Records. Mr. Paul Rochman is now financial director. Mr. Frank Pritchard, head of regional operations, and Mr. Ian Kingsley and Mr. Mike Perry, northern and southern regional managers, respectively. Mr. David Shortt has been made product manager and Miss Barbara Lodge, marketing department co-ordinator.

★

Mr. M. Joseph has been elected to the board of P. S. REFSON AND CO. He is managing director of City Merchants, a subsidiary.

★

A corrected agency announcement states that following the joint venture between the Tootal and the National Enterprise Board for the reorganisation of YATES DUXBURY AND SONS, Mr. A. W. Ward, director, North West, NEB, Mr. E. B. White, Tootal group treasurer, and Mr. G. P. Morhen have been appointed non-executive directors. Mr. A. N. Wilson, a director of Tootal, continues as chairman together with Mr. R. Cropper as managing director. Mr. C. Bradford, secretary/financial director, Mr. J. C. Harrington, sales director and Mr. G. W. Harris, production director.

★

Mr. Dan Simson, finance director of LAKE AND ELLIOT, resigns on August 3, to take up an appointment as general manager of PHILIP MORRIS, Nigeria.

★

Mr. A. E. Housfoun has been appointed Convener of the SCOTTISH LANDOWNERS' FEDERATION succeeding the Duke of Atholl, who had completed his term of office.

★

Mr. A. M. Day has been appointed group chief accountant for LESSER SERVICES with the status of director. He reports directly to Mr. G. Herman, the group financial director.

★

Mr. Raimondo Eruzzi has been appointed deputy chief general manager of CREDITO COMMERCIALE, Milan, and continues with his responsibilities as foreign manager.

★

Mr. Leonard A. Caldwell has been made senior vice president of FIRST PENNSYLVANIA BANK and continues as division head for Europe, Middle East and Africa out of London. Mr. Francis J. Schmidt, responsible for Middle Eastern and African countries, has become vice president.

★

Mr. C. H. Bowles has been appointed managing director of the trading division of JOHN LAING CONSTRUCTION. Mr. D. O. Welsh has been made a director of John Laing Construction Plant and Transport Services.

★

Mr. Ian A. Duncan, an executive for the past five years with Avis, has joined RELIANCE WORLD TRADE COMPANY in London as vice president-treasurer responsible for European treasury operations.

★

FORWARD TRUST, the instalment finance subsidiary of Midland Bank, has appointed the following regional directors: Mr. G. Atkinson (Midlands), Mr. A. C. Millar (Northern Ireland), Mr. W. Johnstone (Scotland) and Mr. W. R. Janes (South West). Mr. Atkinson, formerly regional director, South West, succeeds Mr. Gordon Ross, who has become chief executive of Associated Securities Finance, the Australian finance house based in Sydney and recently acquired by Midland Bank.

★

Mr. R. Bucknall, managing director of Qualter Hall and Co., and Professor H. E. Cohen, head of mineral technology at the Royal School of Mines, London, have joined the Board of MATTHEW HALL ORTECH as non-executive directors. Mr. C. J. Saunders has been appointed a director of Ortech with executive responsibilities for consultancy.

★

Mr. Jacques Thunnissen has been appointed general manager of the London branch of CREDIT INDUSTRIEL ET COMMERCIAL. He was formerly with the head office as Directeur Adjoint in the corporate banking department. Mr. Thunnissen replaces Mr. Max-Hubert Schroeder, who is returning to head office in Paris.

★

Mr. F. L. Ward has been elected chairman of the ASSOCIATION OF CONSULTING SCIENTISTS in place of Mr. Robin Chalmers. Mr. David Stanger has become vice chairman.

★

Mr. K. G. Corfield has been appointed a non-executive director of HEWLETT-PACKARD in the UK. He is chairman and chief executive of Standard Telephones and Cables and senior officer for ITT in this country.

★

Mr. A. B. Cameron, who joined the Fenner Group in January 1975 to take charge of research and development services, has been appointed to the Board of J. H. FENNER AND CO.

★

Mr. H. K. Justi has become chairman of ANCHOR CHEMICAL COMPANY and Mr. R. W. Deacon and Dr. C. G. Tilley have been made joint managing directors following the death of Lord Hewlett.

★

Mr. F. A. Gill has been appointed a director of GREIG FESTER GROUP. Mr. M. J. Warrener, a director of Greig Fester Ltd. and Greig Fester (London), has resigned his directorships to become senior underwriter for excess loss business with Skandis Group, Latin American zone in Mexico.

★

Mr. John Middlin has been appointed a director of MIM HOLDINGS. Mr. W. R. Doughty has joined the Board of BRITANNIA LEAD COMPANY, a subsidiary. Mr. Middlin continues as general manager of Mount Isa Operations.

★

Mr. Paul Beament has been appointed a director of WINTRUST SECURITIES, the merchant bank subsidiary of Wintrust.

BANK RETURN

	Wednesday July 18 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	24,045,405	— 1,858,097
Special Deposits	91,955,000	— 6,350,000
Bankers Deposits	454,795,418	+ 24,396,795
Reserves & other Accounts	569,563,619	— 35,584,528
	1,154,912,442	— 18,790,770
ASSETS		
Government Securities	632,405,316	— 12,135,000
Advances & Other Accounts	185,083,896	— 30,294,544
Premises Equipment & Other Secs.	311,758,895	+ 1,681,303
Notes	25,520,462	+ 21,863,732
Coin	203,974	— 6,261
	1,154,912,442	— 18,790,770
ISSUE DEPARTMENT		
	£	£
Liabilities		
Notes Issued	9,700,000,000	+ 250,000,000
In Circulation	9,674,479,538	+ 228,036,868
In Banking Department	25,520,462	+ 21,963,732
ASSETS		
Government Debt	11,015,000	—
Other Government Securities	8,344,489,581	+ 215,851,478
Other Securities	1,344,495,519	+ 36,148,522
	9,700,000,000	+ 250,000,000

FOOD PRICE MOVEMENTS

	July 19	Week ago	Month ago
	£	£	£
BACON			
Danish A.1 per ton	1,180	1,180	1,150
British A.1 per ton	1,120	1,120	1,095
Ulster A.1 per ton¶	1,120	1,120	1,095
BUTTER			
NZ per 20 kg	12.12/11.97	12.12/11.97	14.22/14.37
English per cwt†	83.65/83.67	83.65/83.67	81.65
Danish salted per cwt†	87.10/89.72	87.10/87.85	85.10/87.85
CHEESE‡			
NZ per tonne	—	—	—
English cheddar trad. per tonne	—	—	—
EGGS*			
Home produced:			
Size 4	2.90/3.20	2.80/3.20	3.20/3.30
Size 2	3.60/3.80	3.50/3.70	3.50/4.20
	July 19	Week ago	Month ago
	p	p	p
BEEF			
Scottish killed sides ex-KKCF	65.0/70.0	66.0/70.0	64.0/68.0
Eire forequarters	39.0/43.0	44.0/46.0	41.0/43.0
LAMB			
English	58.0/62.0	66.0/70.0	66.0/76.0
NZ PLs/PMs	49.0/51.0	49.0/51.0	50.0/52.0
PORK			
All weights	35.0/44.0	34.5/44.0	34.0/44.0
POULTRY			
Oven-ready chickens	41.5/44.0	41.0/44.0	41.0/44.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery July 21-28.

APPOINTMENTS

COMPANY NOTICES

GREATERMANS STORES LIMITED
(Incorporated in the Republic of South Africa)
NOTICE TO SHAREHOLDERS
DIVIDENDS ON PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that the Board of Directors has declared the following dividends payable on the 31st August, 1979, to 6%, 5%, Second 5% and Third 5% Preference Shareholders respectively, registered in the books of the Company at the close of business on Friday, 3rd August.

A—6% CUMULATIVE PREFERENCE SHARES—DIVIDEND No. 87. A dividend at the rate of 6% per annum for the six months ending 31st August, 1979—equivalent to 3 cents per share.

B—5% CUMULATIVE PREFERENCE SHARES—DIVIDEND No. 75. A dividend at the rate of 5% per annum for the six months ending 31st August, 1979—equivalent to 2½ cents per share.

C—SECOND 5% CUMULATIVE PREFERENCE SHARES—DIVIDEND No. 57. A dividend at the rate of 5% per annum for the six months ending 31st August, 1979—equivalent to 5 cents per share.

D—THIRD 5% CUMULATIVE PREFERENCE SHARES—DIVIDEND No. [illegible]. A dividend at the rate of 5% per annum for the six months ending 31st August, 1979—equivalent to 5 cents per share.

The dividends are declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between Rand and Sterling on the 23rd August 1979. [illegible]

By Order of the Board, R. C. CHAGG, Secretary.

Registered and Transfer Office: [illegible] JOHANNESBURG.
London Transfer Office: Granby Registration Services, Granby House, 95, Southwark Street, LONDON SE1 0JA.

BANQUE NATIONALE DE PARIS
Floating Rate Note Issue of US$ 70 million January 1977/1983

The rate of interest applicable for the six-month period beginning 21st July and set by the reference agent is 11⅛% annually.

CANADIAN OVERSEAS PACKAGING INDUSTRIES LIMITED
ANNOUNCEMENT

[illegible]

By Order of the Board, M. C. JOHNSTON, Q.C., Secretary.
Head Office Mailing Address: P.O. Box 7239, Postal Station 'A', St. John, New Brunswick, CANADA, E2L 4S6.
Date 20th July 1979.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of Save & Prosper Dollar Fixed-Interest Fund Limited will be held at Dolphin House, [illegible] on Thursday, 27th September, 1979, at 12.00 p.m. for the following purposes: [illegible]

By Order of the Board.
SAVE & PROSPER (JERSEY) LIMITED Secretary
9th July, 1979.

NICHII CO. LTD.
NOTICE TO EDR HOLDERS

[illegible]

THE CHASE MANHATTAN BANK N.A. LONDON as Depositary.
July, 1979.

N.V. ENGELSCH-HOLLANDSCHE BELEGGINGS TRUST
(English and Dutch Investment Trust)
Established in Amsterdam

[illegible]

By Order of the Board.
HOLLANDSE KOOPMANSBANK N.V. Managers
Sarphatistraat 1[illegible], Amsterdam.
20th July, 1979.

BOND DRAWING

COMMONWEALTH OF AUSTRALIA
EUA 15,000,000 8¾% 1971-1986

Holders of the above mentioned bonds are herewith informed that the redemption instalment of UA [illegible] due on August 1st, 1979, has been satisfied by bonds drawn by lot in the presence of a notary public. [illegible]

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Luxembourg, 20th July, 1979.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976
ADAM HUDSON (MANUFACTURING) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA, on Tuesday, the 24th day of July 1979, at 12 o'clock midday, for the purposes mentioned in Sections 294 and 295 of the said Act.
Dated this 9th day of July 1979.
By Order of the Board,
L. HUDSON, Director.

THE COMPANIES ACTS 1948 TO 1976
ADOLF BLUM & POPPER LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA on Friday, the 27th day of July 1979 at 12 o'clock midday for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 12th day of July 1979.
By Order of the Board
E. E. BLUM, Director.

THE COMPANIES ACTS 1948 TO 1976
CHOSBU LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO. situate at 3/4 Bentinck Street, London W1A 3BA, on Wednesday, the 25th day of July, 1979, at 12 o'clock midday, for the purposes mentioned in Sections 294 and 295 of the said Act.
Dated this 9th day of July, 1979.
By Order of the Board.
H. RICHMAN, Director.

IN THE MATTER OF LEWIS ALTMAN & CO. (UNLIMITED) AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 13th day of August, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned DEREK ERNEST HUDSON, of Buchanan House, 24-30, Holborn, London, EC1N 2HS, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 12th day of July, 1979.
D. E. HUDSON, Liquidator.

NB.—This notice is purely formal. All known creditors have been, or will be, paid in full.

THE COMPANIES ACTS 1948 TO 1976
PLYAMEE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO. situated at 3/4 Bentinck Street, London W1A 3BA on Tuesday, the 31st day of July 1979, at 12 o'clock midday for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 13th day of July 1979.
By Order of the Board,
[illegible], Director

IN THE MATTER OF MR. STONE'S WHOLESALE COMPANY LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 17th day of August, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PHILIP MONJACK, of 3/4 Bentinck Street, London, W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 10th day of July, 1979.
PHILIP MONJACK, Liquidator.

THE COMPANIES ACTS 1948 TO 1976
SNUGFORD LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO. 3/4 Bentinck Street, London, W1A 3BA, on Thursday, the 26th day of July, 1979, at 12 o'clock midday, for the purposes mentioned in Sections 294 and 295 of the said Act.
Dated this 10th day of July, 1979.
By Order of the Board.
J. S. KRUGER, Director.

THE COMPANIES ACTS 1948 TO 1976
TIONASTIN LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO. situated at 3/4 Bentinck Street, London W1A 3BA on Tuesday, the 31st day of July 1979, at 3.00 o'clock in the afternoon for the purposes mentioned in Sections 294 and 295 of the said Act.
Dated this 13th day of July 1979.
By Order of the Board.
O. A. PRATT, Director.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. Exhibition of OLD MASTER PAINTINGS. Until 27 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. PERSIAN MINIATURES. Exhibition of seventeen pages from the Houghton Shahnameh. Until 24 August. Mon.-Fri. 9.30-5.30. Thurs. until 7.

ANTHONY d'OFFAY, 9, Dering St., New Bond St., W.1. VANESSA BELL. Mon.-Fri. 10-6. Sats. 10-1. 629 1578.

BROWSE & DARBY LTD, 19, Cork St., W.1. 01-734 7984. SUMMER EXHIBITION. ORIGINAL PAINTINGS, DRAWINGS, WATERCOLOURS. [illegible]

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. SUMMER EXHIBITION [illegible]

HAMILTONS, 13, Carlos Place, Mount St., W.1. 01-499 9493. [illegible] AND NATIVE PAINTINGS [illegible]. Until July 31.

FIELDBOURNE GALLERIES, 63, Queens Grove, N.W.8. 586 3600. RODNEY BURN, R.A. Eightieth Birthday Exhibition. R.A. GALLERY. Contemporary Artists of the English School.

LEFEVRE GALLERY. CONTEMPORARY PAINTINGS. Weekdays 10-5. Sats. 10-1. 30, Bruton Street, London, W.1. Tel. 01-493 1572.

MALL GALLERIES, The Mall, S.W.1. Watercolours by George Alecow. Mon.-Fri. 10-5. Sats. 10-1. Until July 30. Adm. free.

MALL GALLERIES, The Mall, S.W.1. Society of Women Artists 117th Exhibition. Daily 10-5. Sats. 10-1. Until 2nd July. Adm. 20p.

ART GALLERIES

MARLBOROUGH, 6, Albemarle St., W.1. EGON SCHIELE. Exhibition of watercolours and drawings until 31 August. Mon.-Fri. 10-5.30. Sat. 10-12.30.

SABIN GALLERIES, 4, Cork Street, W.1. 01-734 6186. EXHIBITION OF ENGLISH PAINTINGS 1611-1830. Monday-Friday 10-5.

SANDFORD GALLERY, 1, Mercer Street, Long Acre, W.C.2. [illegible] ABSTRACT [illegible]

WADDINGTON GALLERIES, 31, Cork Street, W.1. 439 1866. HENRY MOORE Drawings and Watercolours 1927-59. Until 28th July. Daily 10-5.30, Sats. 10-1.

WADDINGTON GALLERIES, 34, Cork St., W.1. 439 1866. PATRICK CAULFIELD—Recent Paintings. Until 28th July. Daily 10-5.30, Sats. 10-1.

EXHIBITIONS

THE WORSHIPFUL COMPANY OF GOLDSMITHS [illegible] THE HUNDRED BRAZILIAN PRIMITIVE PAINTINGS [illegible]

THE PROPERTY MARKET BY MICHAEL CASSELL

MEPC to start on Long Acre

AFTER YEARS of planning wrangles, battles with environmental groups and invariably inadequate finances, MEPC is to start work on its huge Long Acre office development in London's Covent Garden.

The company, which this week announced it was paying £10m to buy out Reed International's 49 per cent share in MEPC-Reed Properties — the Long Acre site is included in its portfolio—will have development under way in October.

The project is likely to cost a little more than £40m and will take three years to complete. It will provide about 194,000 sq ft of office space and another 20,000 sq ft of archive space on a 3.2 acre site which was once the home of the former Odhams Press.

After the takeover of IPC by Reed International, the site formed part of the package of property interest transferred to the MEPC-Reed joint company when it was set up in 1972.

Mr. Christopher Benson, managing director of MEPC, said yesterday that the company was now looking for institutional help for the scheme. He commented: "We are determined to do this on a true side by side funding arrangement.

"By that I mean we will be looking for a partner who is prepared to participate in the risk and profit involved in proportion to the extent of their financial commitment."

With work starting in a few weeks time, MEPC is clearly confident that a suitable deal can be arranged before long. The company has had detailed planning consent for the scheme since 1975 and some preliminary site work has been done, although its finances have not until now allowed it to consider full-scale development.

Mr. Benson emphasised that the go-ahead for Long Acre at the same time as the purchase of the Reed stake in MEPC-Reed was co-incidental, and that their "very good partners" had not been in any way responsible for holding up the scheme's progress.

For Reed, the disposal forms part of the group's overall rationalisation and restructuring programme and by early last year Mr. Alex Jarratt, the chairman was saying that property development was regarded as "irrelevant to the main thrust of the business."

In return for the £10m-£6m to be paid in 1983—Reed has handed over a portfolio of 10 London properties plus the Long Acre site.

At the time the joint company was set up, the properties involve had an asset value of about £36m and MEPC paid nearly £19m for its stake.

In 1977-78 the company earned a small profit but announced it had written down investment properties and made provisions against development properties to the tune of £12.4m. Another small profit was recorded in 1978-9.

The sale to MEPC—originally it had an option to buy the balance of the equity after 1983—leaves Reed with one property subsidiary, Kings Reach Investments, in which it has a 39 per cent stake. The Prudential Assurance is the major partner.

Whitehall's new package strikes hopeful note

THE PROPERTY world will this weekend seek to unravel the ramifications of a further series of Government measures which could affect property investment and development both at home and overseas.

They include a further relaxation of exchange controls affecting investment in EEC countries, measures aimed at speeding planning applications and reducing delays caused by development controls and also Sir Keith Joseph's pronouncement on future regional industrial policy.

Sir Keith's decision that Industrial Development Certificates will no longer be required in Intermediate Areas and for buildings of less than 50,000 sq ft, will provide only a little comfort for developers.

They had already discounted any real impact from this type of move and there will be some disappointment that IDCs have not—like Office Development Permits—been swept away altogether.

More interesting was Sir Keith's comments on the English Industrial Estates Corporation—the body responsible for development and management of Department of Industry estates and factories.

He said that the factory building programme should continue but there should be a greater element of self financing. This has been interpreted as giving the green light to a factory sales programme by the Corporation.

The relaxation of exchange controls affecting EEC countries will allow bona fide UK property companies to acquire direct publicly quoted property companies in the EEC without arranging foreign currency loans or going through the premium.

Equally institutions, like the pension funds, seeking to acquire stakes of up to 20 per cent in publicly quoted EEC companies will have greater freedom of choice on how to finance the purchase.

These moves may not have an immediate impact on property investment but added to measures already introduced they make for a much healthier and less restricted climate for future investment.

Andrew Taylor

The City of London Corporation has approved the grant of a building agreement and 99-year lease to the United Kingdom Temperance and General Provident Institution on Stafford House, King William Street, EC4. Freehold of the building, which will either be refurbished or rebuilt, is held jointly by the Corporation and the Mercers Company in their capacity as trustees of the Whittington Charity. They secured an option to purchase for £5m the outstanding 38-year lease from head lessee Capel House Property and subsequently offered a new 99-year term on payment of a £5.1m premium plus a share of rental income. R. Stanley Charles acted for Capel House and Debenham Tewson and Chinnocks for UK Provident.

IN BRIEF

● In a deal worth more than £4½m, Sheridan Estates has obtained a forward commitment from an unnamed pension fund to purchase and provide interim finance for a 45,000 sq ft office development — pre-let to Tate and Lyle Engineering at £5.73 a sq ft — near Bromley South Station. Richard Ellis acted for Sheridan and Wright Oliphant for the publicity shy fund.

● Massey-Ferguson Holdings Pension Trust has made its first property investment and paid £2m for phase one of the 165,000 sq ft Lakeside industrial estate in Redditch, Worcestershire. It is held on a lease from Redditch Development Corporation and leased back on a geared basis. Hillier Parker May and Rowden acted for Massey Ferguson and will manage the investment.

● Sainsbury's is to build a store providing 21,600 sq ft of selling space on a three-acre site at Vauxhall's New Covent Garden Market. The land has been bought from the Covent Garden Market Authority and work on the store is scheduled to start in 1980.

● The UBM Pension Trust has let the former Youth Hostels Association headquarters in John Adam St., WC2 to Broadbent Advertising at £10 a sq ft. The Trust bought the 5,200 sq ft building last year for £450,000 and has since modernised the property. UBM was advised by Hartnell Taylor Cook and Hampton and Sons acted for the tenants.

● Haslemere Estate has let the office content of Brownlow House in High Holborn to Henry Butcher, the industrial and commercial estate agents. Rent achieved was in excess of £7.80 a sq ft. Butchers have taken a 25 year lease with five year reviews at an initial rent of £55,000 per annum. De Groot Collis and Kemsley Whiteley and Ferris were joint letting agents.

● Dimsdale Developments, in conjunction with Crowvale Properties, is to pay more than £900,000 for a 125-year leasehold interest in Waverley District Council offices at Guildford, Surrey. Dimsdale will carry out modernisation work on the building, which will provide 17,350 square feet of office space and car parking. Edwin Dickson introduced Dimsdale and Donaldsons acted for the council.

● The Merchant Navy Officers Pension Fund in association with Percy Bilton have completed the purchase of about 7½ acres of freehold development land on Western Avenue, Greenford, the former Aladdin Industries complex.

Planning consent and IDC approval (one of the last?) has been granted for just over 154,000 square feet of industrial and warehouse accommodation and work is expected to start in September. When completed, the Fund's investment is likely to be worth in excess of £5m. St. Quintin acted for the Fund and vendors Sultan Mondial were represented by Hillier Parker May and Rowden. St. Quintin and Brian Cooper will be joint letting agents.

SHOPS AND OFFICES

WANTED

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Speeds goods from depots to retailers

FINDUS is bringing its sales operation up to date, and at the same time improving service to retailers through the use of mobile radio-telephones, which are to be installed in most of the company's 51 distribution depots.

Recently developed by Pye Telecommunications, five-tone select Olympic radio-telephones are being introduced into the depots. Sales representatives at most of the company's premises will be on the air by mid-1980.

The decision to opt for the radio-telephone system was made following month long trials last year at the Findus depot in Sheffield, which proved the cost effectiveness and efficiency of mobile radio for sales order input.

Testing the system against existing procedure of phoning batches of orders into depots, three representatives used radio-telephones on sales journeys in central Sheffield, an area normally calling for excessive telephone time. Two others tested long-range reception in the predominantly hilly, outer regions of the city.

Substantial savings in time and money apart, the Sheffield experiment highlighted the benefits of staggering the relay of orders from street to office. The efficiency of the depot was greatly enhanced by a regular flow of orders, with salesmen phoning in after every shop visit.

In addition, the depot was able to contact representatives direct for the first time, which must result in a more spontaneous sales service to retailers.

Findus, which claims to be the first frozen food company to make major use of radio for relaying orders, says its salesmen waste considerable time trying to find public telephones which have not been vandalised.

Findus, St. George's House, Croydon, Surrey. 01-686 3031.

New phones on show

EXPOSED to the public for the first time at the Telecom 79 exhibition in Geneva (September 20 to 26 will be Pye TMC's New Generation telephone instruments designed primarily for the business user.

This NGT range will include both normal pulse signalling versions (the dialling technique still used in the UK) and the more modern multifrequency type widely used in the U.S. and elsewhere. Bellringers, tone callers and on-hook dialling will be available and there will also be a 10-address repertory dialling instrument in both tone and pulse versions.

An NGT Planset is to be offered in two configurations: "one plus three" and "two plus six," referring to exchange and extension lines respectively.

Pye will also be showing the VISA viewdata business terminal which will be on-line to the UK, together with another version which incorporates hard copy printer and an alphanumeric keyboard which together are intended to form the basis of a fully-integrated communicating business terminal.

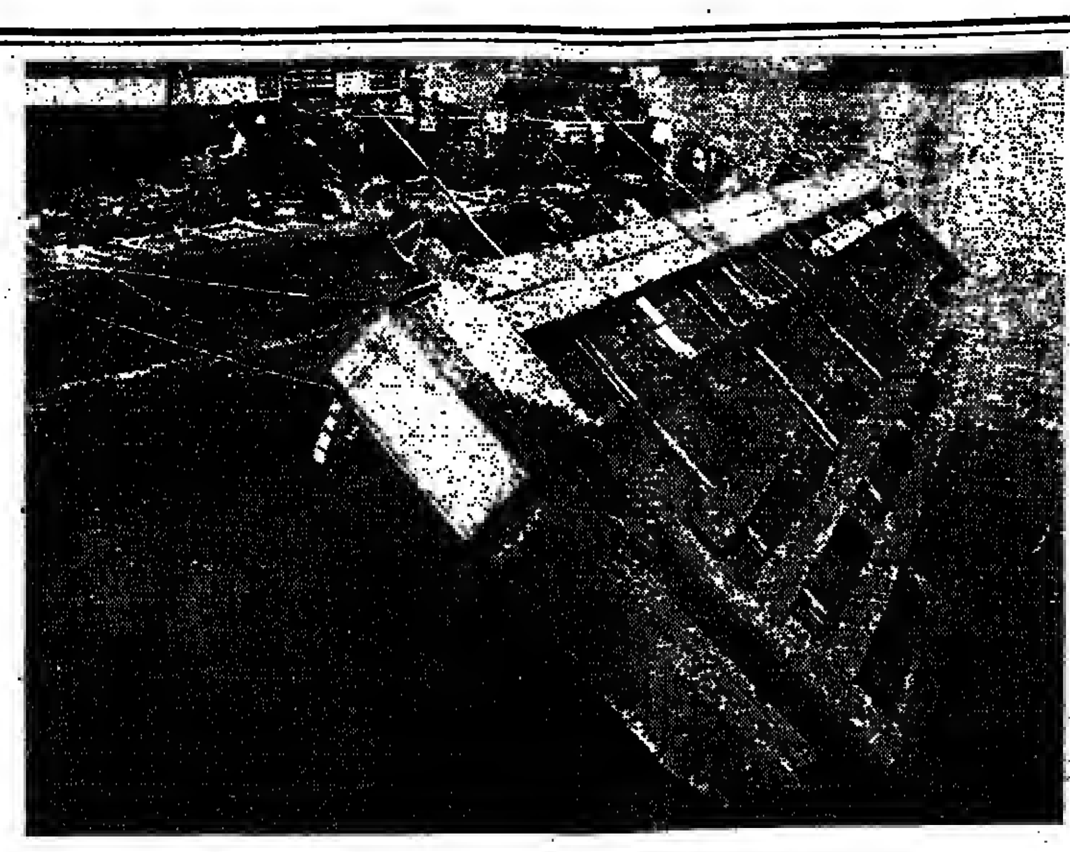
Pye TMC is at Swindon Road, Malmesbury, Wilts SN16 9NA (06662 2121).

Fibre work for GEC

WHILE formal announcement by the Post Office of £5m of orders for UK industry for fibre optic public communications systems is awaited, GEC has followed BICC/Plessey with a statement of its own, placing emphasis on the fact that it will receive orders for systems in three different bit rates—8, 34 and 140 megabits/sec.

The company believes that this demonstrates the "outstanding versatility" of its work in such systems, enabling it to exploit the immediate export potential.

GEC's share will be £2.6m, with a total route length of 111 miles containing 890 miles of low loss fibre. Places linked will be London and Reading at 140 Mbits/sec (1920 speech channels) Oxford and Banbury at 8 Mbits/sec (120 channels) and Reading and Oxford at 34 Mbits/sec (480 channels). Each cable will contain eight fibres and power wires for the repeaters.



Pumps aid lock gates removal

A BATTERY of diesel-driven portable pumping units from Sykes Pumps, Woolwich Road, Charlton, London SE7 (01-858 8121) aided Mersey Docks and Harbour Company in the successful operation of replacing outer lock gates at Gladstone Dock river entrance.

Four-day lifting exercise also involved the use of a 200 tonne capacity floating crane and several tugs, and the pumps ensured that the gates remained buoyant during their two mile journey.

As a further safeguard, two 200 mm electro-submersible pumps were installed inside the diesel generator mounted on the floating crane.

leaking through rusted or damaged plates and to compensate for any faults in the seals. These were of the Pumpex drainage type and had been supplied, two to each gate, from Sykes' local Liverpool depot. Power supply at this stage was provided by a gates to pump out any water

● METALWORK

Fine finish for holes

PRECISION hole-sizing equipment can cut the cost of hole finishing by up to 80 per cent compared with conventional methods such as boring, broaching, and roller burnishing.

The machine combines a new work-handling system with the established practice of passing a precision-ground ball through an undersized hole, to size, burnish and work-harden simultaneously. Work handling is by a captive ball system (patents pending) in which the part and ball are held in a low-cost plastic shuttle block. The unit offers high productivity and the ability to change from one task to another virtually without interruption.

Capable of handling hole sizes ranging from 1/16 in to 2¼ in, and at rates up to 1,500 pieces per hour when hand loaded, the equipment can size to 0.0001 in accuracy and 1 micro-inch finish. The ball is usually of tungsten carbide.

Through-holes, blind holes and elbows can be coined and tubes swaged. Innovations in tooling promise many new applications.

It is estimated that a basic unit will pay back its cost within six months when used for only 50 per cent of a single-shift day. Hole sizing costs on this basis could be as little as ½p per hole whether on small batch or high volume single product use.

Further details from Ball Burnishing Machine Tools, Blanche Lane, South Mimms, Potters Bar, Herts. EN6 3PB (Potters Bar 0707 44728).

Easier tool changing

IMPROVED VERSION of its multiple punching machine has been introduced by Worsley-Brehmer, Charnock Road, Liverpool (051-525 7468).

Equipped with an additional work table at the rear of the machine to assist tool handling, the 400M also incorporates full interlocked safety guarding.

Various round or irregularly shaped holes may be produced to printing industry requirements with the aid of the machine which can utilise standard or special multi-punch tooling.

Any number of holes—round or shaped—can be punched simultaneously, up to the 32 in sheet width capacity of the machine. Maximum stack thickness of paper or card for punching at one operation is ¼ in.

● PACKAGING

Cardboard case sealer

OF INTEREST to the canned food, drink, pharmaceutical and other industries packing products into cardboard cases is a machine from 3M which will separate the cartons as they come off a conveyor, fold the flaps and seal up the tops and bottoms at up to 27 items/min. without operator assistance.

Measuring only 37 x 63 x 81 inches the machine, known as the 3M-Matic 1AF can be quickly adjusted to seal, from rolls of two-inch Scotch tape, a variety of cases with heights ranging from 5.2 to 19.5 inches, widths from 5.6 to 20.5 and lengths from 5.9 to 37.5 inches.

More from 3M United Kingdom, Packaging Systems, P.O. Box 1, Bracknell, Berks RG12 1JU (0344 58247).

● SAFETY AND SECURITY

Spreads the alarm

ALTHOUGH the attempt is always made to instal fire bells in the best position for audibility in places like old people's homes, they are often not heard, particularly by the very elderly, when an emergency occurs.

This at any rate is the experience of Barkway Electronics, which has installed its 700 series of warden call intercommunication systems both in the UK and abroad. The problem says the company, is that the sound often does not penetrate through the fire doors that have to be fitted in such institutions.

Barkway can now offer an alternative where its 700 system is installed. By linking the fire detection/alarm system to the warden's console a suitable level of audio tone can be injected into the loudspeaker unit installed in each room or flat.

The alarm having sounded clearly and separately in each living unit, an anti-panic, explanatory or directional message can then be sent over the same loudspeakers.

More from the company at Royston, Herts SG8 5EE (076384 666).

Fire prevention training

INDUSTRIAL training for company employees, covering all aspects of fire prevention, has been launched by L and G Fire Protection of Blackhorse Lane, Walthamstow, London, 01-531 8426, distributors of fire protection systems and equipment.

"Onguard Training" is intended to complement L and G's maintenance plan, which is being used throughout the UK by some 3,500 companies to ensure that through regular specialist servicing all fire extinguishers and other equipment are in perfect working order.

Courses are aimed at senior management, middle management and the work force and while all aspects of basic fire protection are common to all three training schemes, the one directed to top management concentrates more on directors' legal obligations with regard to such matters as correct siting and location of extinguishers and escape route areas.

The middle management course includes guidance on how they can help train departmental employees. The accent in the workforce orientated course is on "basic principles"—surrounding what to do—and what not to do—in the case of emergency.

Aspects common to all three courses include instruction on what exactly fire is, advice on how risks can be reduced including, for example, the storage of materials, as well as an analysis of how fires are generally caused. The classes of fire are analysed—including petrol, electrical or wood and paper based conflagrations—followed by the types of extinguishers available, how fire alarm systems work and how to evacuate premises.

Discourages intruders

OFFERED by Group 4 Total Security is an alarm system for small premises owners or householders which can be installed for £260 and annual maintenance payments of £25.

The company claims that the system, initiated by a single executive key, cannot be tampered with, any attempt to do so causing the alarm to be sounded.

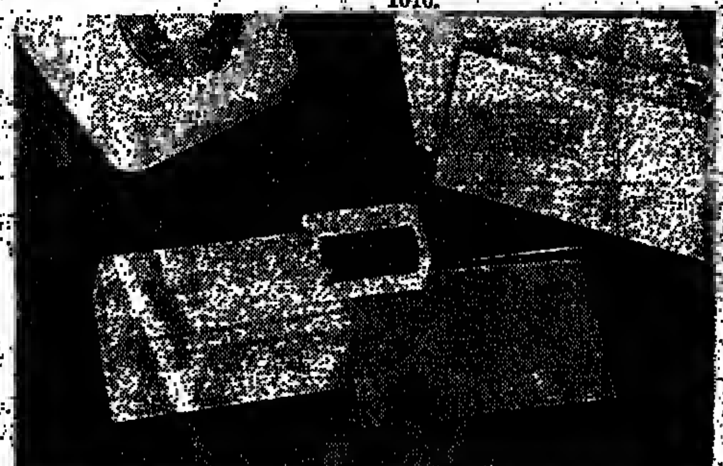
Five inputs are provided, to which various sensors can be connected, including pressure mats, magnetic sensors, and personal attack buttons which can be wired to strategic points to summon help quickly.

A bleeper unit offers an internal audible warning and operates in conjunction with an outside bell, a high power device which is placed in a clearly visible position to act as a deterrent. An internal rechargeable battery ensures that if the mains connections are tampered with, the bell rings.

More from the company at Farncombe House, Broadway, Worcs. (038681 2621).

● OFFICE EQUIPMENT

A forest of fingers in UK offices open 100m or more business letters each week, suffering broken fingernails and paper cuts in the process. A compact battery-powered letter opener from Teletronics could put a stop to all that and make the chore much faster and less tedious. It measures 7.6 x 3.3 x 3.3 in and weighs 1.4 lb, power being supplied from three cells. The shielded rotary blade is set in motion as the envelope is slid along the cutting tray and a thin slice is cropped off the top edge, shutting off as soon as the trailing edge is reached. More on 01-262 3121.



● COMPUTERS

Prints at high speed

LASER TECHNIQUES are used in a Univac unit capable of printing up to 21,000 lines per minute, the company has announced.

Joining Siemens and IBM in this area, Univac says its 0777 printing system is an off-line unit with many benefits for users.

Among the major advantages are page-by-page rather than conventional line-by-line printing to produce a constant 159 11-inch pages printed every minute, and repeat printing with each page an original.

Other characteristics are ability to intermix founts and line spacing, and to generate custom founts and graphics.

Standard computer-type paper, coloured paper and pre-printed forms can be loaded and used with ease.

The 0777 consists of a controller, a display console, a disc drive, magnetic tape unit and a printing station. This layout can be expanded by the addition of 10 megabyte capacity disc drive, a second magnetic tape drive, and a hard copy printer console.

Multiple copies can be repeat-printed up to 255 times, once the data is loaded in the page buffer, with no operator intervention needed. The printing operation is quiet, reliable and the output is top quality.

At a constant speed of 29.167 inches per second it can print six lines per inch at 10,500 lines per minute, and 12 lines per inch at 21,000 lines per minute. Regardless of lines per inch selected, output is a constant 159 11-inch pages per minute, with a possible print line length of up to 13.6 inches (34.5 cm).

Graphic characters may be added or substituted to an already defined character set.

Sperry Univac, 65, Holborn Viaduct, London, EC1. 01-236 1010.

Programmable calculator

LATEST programmable calculator from Hewlett Packard, HP-41C, is described by the company as a "hand-held computer."

It has a user-definable keyboard and memory allocation, can communicate with a number of add-on devices, and has a 12 character alpha-numeric display using liquid crystal technology.

Keyboard functions can be easily changed so that a user can choose a set of functions he uses most, then position them conveniently on the keyboard; overlays are provided to re-label the keys. In this way he can have access to a total of 130 pre-programmed mathematical and scientific functions or a combination of these and personal routines which he can program himself.

Four input-output ports can connect companion devices such as additional memory modules, a magnetic card reader, plotting printer, special applications modules and an optical reader for bar codes.

Alpha-numeric keyboard addressing and display ability enables users to label programs in English and benefit from word messages, error indication in calculations and programs, and reports on status of programs. Prompting messages for data input can also be built into the programs.

The machine has a continuous memory that retains user-entered data and programs while the power is off, making them instantly available again when the machine is switched on.

It is dynamically controlled and allows the user to select an optimum blend between a maximum of 448 bytes of program memory or 63 data storage registers.

But this basic memory in the machine can be expanded five fold by plugging in optional memory modules.

The company claims that with the comprehensive software support available, the system can be expanded into a system as powerful as some small computers, especially when using the alpha capability.

Available in September, the 41C will cost a basic £190.

More from King Street Lane, Winnersh, Berkshire RG11 5AR (Wokingham 784774).

Table-top copying unit

REGMA (UK) has a new sheet-fed plain paper copier, the EP 510, a compact table-top unit which produces images with dry toner on plain paper from sheet cassettes. Almost any paper, regardless of colour, can be used allowing the freedom of choice of copying on plain paper or company letter-heads.

EP 510 comes with two cassettes, both with a capacity of 250 sheets. One is for A4 format while the second allows for up to A3 size. An additional option is a third cassette for A5 paper, allowing the user a wide variety of finished copy sizes.

Ability to copy on to both sides of a document goes with a nine-second warm up.

A4 copies are produced at a rate of 16 copies per minute.

Automatic toner density control ensures constant copy quality and colour depth so that a really consistent image reproduction is not left to chance. The conductor drum has an extremely resistant finish which means longer life and therefore, cheaper copy costs.

A departmental counter system enables a company to monitor sectional copy costs and stop unauthorised use. The EP 510 is also fitted with two counters—one for all copies produced and the other for all A3 copies.

Regma (UK), High Street, Houghton Regis, Bedfordshire (0582 605551).

● COMPONENTS

Makes quick prototypes

BOTH ANALOGUE and digital prototype circuits can be quickly put together without the aid of a soldering iron using PowerAce 103 recently introduced by Lektrokit, Sutton Industrial Park, London Road, Earley, Reading RG6 1AZ (0734 669116).

Basically a board with 1680 solderless plug-in tie points and on-board power supplies, PowerAce 103 can hold up to 18 dual-in-line packages with 14 pins each. A front panel houses a 15-0-15 volt meter with terminals accessible at a tie-point block on the panel, and a pair of logic switches complete with de-bounce circuits for ease of testing and checking.

The built-in power supply provides +5 V at 750 mA, +15 V at 250 mA and −15 V at 250 mA. All the voltages are regulated with ripple and noise below 10 mV and load/line regulation better than 1 per cent.

Also on the front panel are two data switches (logic "1" or "0") a pair of buffered led logic indicators and a one amp fuse.

Distribution system on the board is 16 buses each consisting of 25 electrically connected tie points so that the buses can be patched or jumpered in almost any combination.

● HAND TOOLS

Swedish screwdrivers

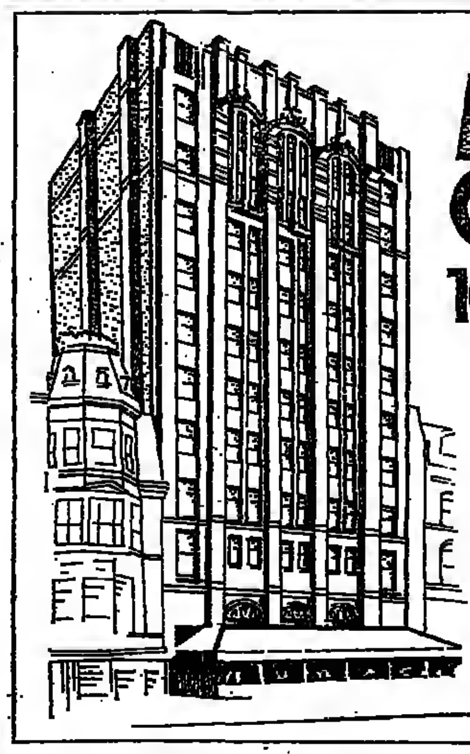
RANGE OF Swedish screwdrivers which includes four basic types is now available from Light Soldering Developments, 97 Gloucester Road, Croydon (01-689 0574).

Screwdrivers for slotted screws are available with a round or square blade; round blades come in three sizes from 0.5 x 3.5 mm to 0.8 x 5.5 mm. Square blade is supplied in sizes 1.0 x 6.5 mm to 1.6 x 10 mm for especially difficult applications where an adjustable wrench can be used for additional leverage.

Versions with Phillips and Pozidrive heads are each available in two sizes.

New screwdriver, consisting of a revolving holder containing three bits—two for slotted screws and one for Phillips No. 2 screws—is an additional feature to this range.

All have polypropylene handles (with the blade securely locked in place) to give a firm, secure grip.

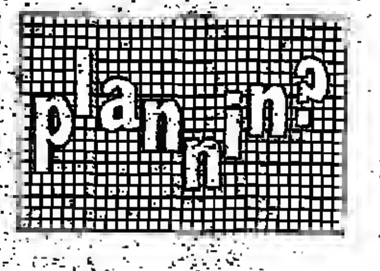


THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Ron Emerson examines the reasons behind a major policy change by companies disenchanted with old-style diversification

Why the spotlight has switched to divestment



THE main preoccupation of many corporate planners used to be diversification. Now, more often than not, they are having to spend just as much of their time grappling with the much more difficult and complex issue of divestment. They, or their boards of directors, have recognised the uncomfortable truth that marginal investments which could happily be carried in the 1960s and early seventies can no longer be tolerated whether or not they are profitable.

Even where investments show a healthy return, the strain of spreading management resources over too broad a range of business activities has forced some companies to cut back in order to concentrate on obtaining acceptable returns from their mainstream business in what are increasingly competitive markets.

The number of headline-hitting divestments over the last two years is legion. They include: ICI selling off its stake in IMI in order to concentrate on chemicals manufacture; Union Carbide selling its European chemical interests to BP as part of a geographical rationalisation; Reed International selling various overseas assets to reduce the gearing in its balance sheet; Dunlop closing a tyre factory as part of a rationalisation programme in the face of overcapacity in the industry; and GKN disposing of a long list of investments, by both sale and closure.

What all of them have done is to take a careful look at their long-term future (and plans), and to redefine their business purpose on a narrower scale, automatically designating certain parts of the business as irrelevant or, at best, marginally acceptable.

The fact that many companies, all over the world, are now implementing similar divestment strategies is not simply the result of the severe worldwide inflation and recession which was triggered by the oil crisis of 1973—and which, it now seems, is to be followed by very modest economic growth.

The seed of these uncomfortable events was sown during the preceding, and unprecedented, period of expansion, when companies geared themselves up—in every sense of that term—for a continuing boom. Levels of profitability had been high, so even if investments failed it was not always a major disaster; if they took longer than expected to reach planned levels of profitability, then the mainstream business would often support them through the difficult period.

In these euphoric times companies often defined their business purposes in terms broad enough to allow virtually any sort of diversification, both geographically and in terms of products; this was seen as progressive management.

As a result, when the recession came, many companies found their management and financial resources severely stretched. Now, with the realisation that the long term outlook is still at best only moderately optimistic, they are being forced to strengthen their mainstream business and shed the peripheral and marginal investments.

This dilemma was particularly well illustrated in the statement made by Alex Jarratt, the Chairman and Chief Executive of Reed International in 1977-78: "... the basic problem has been dealing with the aftermath of rapid, and in some instances, inadvisable, expansion largely abroad and financed largely by debt, at a time when world economies have been experiencing their deepest recession since the 1930s."

Streamlined

He went on to give some indication of the way Reed had been planning the necessary streamlining: "The Board's intention of concentrating the company's resources in those areas where we have proven skills, good markets, and an improving track record not only conditioned our approach to the use of capital but also determined the major programme of divestment we have carried through."

All very sound and necessary stuff, which many managements are coming to echo, though their detailed problems may differ from those which faced Reed.

In theory, most of those companies could have acted earlier, to their considerable benefit. But it is something of a major achievement and a significant step forward even to recognise that certain business areas are weak and—more important—that action of some sort is required. And it is a brave chief executive who recommends at an early stage some form of cut-back or divestment as the appropriate solution, particularly if he sanctioned the original investment.

In the majority of cases, virtually everyone and everything is against the executive in favour of divestment. Not only is it often seen as the result of a negative and timid management which is devoid of ideas, but the end result is no more certain than for an investment, since there are no acceptable financial yardsticks.

Apart from the uncertainty involved, reaction inevitably comes from all sides, including government pressure; union/employee opposition; and the possibility of a negative impact on the company's image in the markets (commercial and financial).

Moreover, there is always that irksome feeling that you are making things easier for your competitors, and perhaps it might be better to wait and let them make the first move.

But there lies the real danger—the temptation to take a short-term view and delay a decision: because, in all this, the most vital feature of any divestment strategy is, with the help of an effective planning system, to formulate a long term view of the company and its operating environment, and act accordingly in good time.

The most concrete problem is simply the lack of any accepted methods of demonstrating to those groups which might oppose the decision, the desirability, if not the inevitability, of such a course of action. Although investment analysis is an inexact science, at least there is some accepted basis for rational decision making. But divestment is often an emotive issue and, unless a business is regularly losing money, any attempt through projected performance figures to prove that it might eventually do so is open to numerous avenues of attack and question; and even in the case of loss makers many attempts at closure have been thwarted.

So when is a divestment decision essential? The answer is: "Always when it is too late." The danger of waiting until the commercial facts are incontrovertible is that by then the company can have a major problem on its hands.

Inevitably this then involves a major diversion of management time and effort in order to solve the problem. This has consequent effects on the mainstream business, with a probable further adverse effect involving the cash resources of the company: this, again, has implications for the long term viability of the mainstream business.

Generally, the process of divestment brings with it a financial bonus of degearing. If the sale is of a loss maker, the elimination of that drain together with any attendant borrowings will strengthen the main business. Equally, the sale of a profitable business will yield a cash sum which can strengthen the company.

But the vital part of the process is to isolate the most significant variables for success or failure in a particular company. All too often, problem situations have developed over a number of years and the real factors behind the failure become clouded with too much detail and the distortions of time.

Some of the factors which can lead to a divestment of assets in a company are the following:

- Markets declining
- Prices declining
- Technical obsolescence of products
- Increasing number of competitors/overcapacity in the markets
- Mainstream business in trouble.

These are not necessarily mutually exclusive; generally there will be several factors involved and some overlap.

A common factor, however, is the need for planners and the board alike, to take the long term view. A short term view, for example, might show a decline in both market and prices. But in the longer term the trend may be for a recovery in market volume with prices stabilising. The net effect may well be that long term profit margins will be a good deal less than those achieved historically, but this may be acceptable; adjustments in the business can be made to take account of this and a strong business maintained for the future.

At the end of the day the question which has to be answered is: "Will divestment make the company a fitter, healthier, more competitive business, or simply weaken it? Will this be one further step down the slippery slope, or the turning point in the company's fortunes?"

The competitive position is all important since, ultimately, all business risks lie in the market place. One of the problems these days in deciding how dangerous and permanent are competitive threats is the changing nature of much of the competition.

It is very difficult to assess the real potential of Eastern bloc countries, for example, and Third World countries in general. Always there is that feeling that such competition represents unfair trading in free markets, since the factors that work behind their exports are not always purely commercial. Consequently, the charge of dumping is a common one, and it is difficult to forecast and predict this threat.

What competitors will do in the light of certain economic factors will not always be the same if politically they are positioned on opposite sides of the markets in the Western world; their priorities are different. In those cases it is often of no value to look at relative strengths and weaknesses in terms of technical and marketing skills, but rather the general determination of an underdeveloped country to build up its manufacturing expertise and export volume.

Sluggish

A prime example of this is the case involving Dunlop, which is having to rationalise its tyre production in the UK. In recent years the appearance of large volumes of imported tyres into the Western European markets from Eastern bloc countries has virtually undermined the established Western producers. A U.S. producer, Goodrich, has just announced the closure of its European tyre business and Goodyear and Firestone are experiencing major problems.

Other factors have been at work to compound the problem, such as: the effect on demand of the barder-wearing radial tyre; sluggish demand for cars during the recession; and, particularly in the UK, an increasing proportion of imported cars.

The difficulty is deciding whether such events are representative of a trend, and therefore permanent, or simply short term aberrations. In this case, clearly the impact of radial tyres is permanent; but East European competition and rising imports of cars might not be. There are still vociferous and influential voices raised in favour of protection through import controls, but many people are also realising that these are much more difficult to implement than they were even 10 or 15 years ago.

There is no question that in the present economic climate, where growth is uncertain and can at best be forecast at only moderate levels, and where inflation is a constant threat to maintaining acceptable profit margins, it is essential that companies be leaner and fitter than they were in more buoyant times. They need to be able to react much more quickly to the increasingly rapid changes and unforeseen circumstances which are now common. Nor should one forget the undoubted psychological boost to a company which has eliminated its problem areas. The effect on morale from having a healthy business, rather than one which is sick in parts, is a significant bonus to add to the immediate financial improvements which can come from divestment.

R. V. Emerson is an Assistant Vice-President of Bank of America, dealing with some major industrial accounts. He previously worked as n corporate planner for severol industriol componics.

The harsh "truth" about diversification into new ventures

THE "intuitively obvious" approach to diversification, of entering a new business on a small scale, is wrong. Instead, entering on a large scale is likely to produce better financial results, and sooner.

This is the most startling conclusion of a controversial new U.S. research study reported in the Harvard Business Review, under the title "The Risky Business of Diversification."*

Some of the study's other findings will come as a surprise to many managers, though perhaps not those from companies which have burned their fingers in the past with expensive and unsuccessful diversification projects. The chief example is the conclusion that new ventures (either internal or by acquisition) take far longer than many managers expect to become profitable.

The article is by the author of the study, Mr. Ralph Biggadike, associate professor of busioess administration at the Darden Graduate School of Business, University of Virginia. His study was based on a sample of corporate ventures launched by some of the 200 largest U.S. companies in Fortune's annual list, together with a sample of established businesses in the PIMS project (Profit Impact of Market Strategy, described on this Page on July 6).

Mr. Biggadike's main conclusion is directly in line with one of the key findings of the PIMS project: that market share is a more important determinant of business success than many other factors traditionally considered important by managements on both sides of the Atlantic.

To maoagers trained in the market share "dogma" of the Boston Consulting Group, and others, the PIMS finding came as no great surprise. Its impact in Mr. Biggadike's study will be decidedly more disturbing to decidedly more companies, even if they argue that the whole bias of his data and conclusions is weighted towards the experience of particularly large, often multinational companies and that it is by no means certain that they will apply to all companies, regardless of size and characteristics.

Essentially, his argument runs as follows:

New ventures need, on average, eight years before they reach profitability—far longer than many managers expect. As many as 10 or 12 years may have to elapse before the return on investment of new veotures equals that of mature businesses. But relatively large-scale entrants to new businesses covered by the study achieved not only a higher market share, but also "the least negative financial performance." In other words, the average eight years required to reach positive net income can be reduced if higher relative market shares are achieved in the early years.

Such "larger-scale entries" might also require less management patience, Mr. Biggadike argues. So why do so many managers seek low market shares with new ventures? He suggests four explanations:

1. There may still be "a widespread lack of awareness of the relationship between profitability and (market) share.

2. Middle managers may fear that, if they ask for excessive capital and launching expenses, their idea will not be approved by top management. "Maybe capital budgeting criteria emphasise finaocial results prematurely."

3—Venture managers plan for a small share because they are more likely to attain it, and so be judged successful.

4—Executives may believe that "starting small is prudent" for a new business in an unknown, often still evolving market.

Admitting that his data indicates, more precisely than previous studies, that the odds for "corporate ventures" are unattractive, Mr. Biggadike emphasises that "managers know that they have to build a balanced product portfolio." The way to improve the odds and build the portfolio, he says, is to commit substantial resources to each venture, and to defer immediate financial performance in favour of market position.

Managers who are appalled by his description of the length of time oeeded for a diversification to come good—and therefore of the high risks involved—will be somewhat reassured by his recommendation that companies should be more judicious in choosing their new ventures. But once they have chosen a new business, he advises, they should back it and its managers so long as they continue to build market share.

On the other hand, he suggests—highly controversially—that "one should withdraw resources from a profitable venture if profits have been gained at the expense of (market) share."

C.L.

* *Harvard Business Review, May-June 1979, Boston, MA 02163, USA. Tel (617) 495-6185. Subscription details from Subscription Service Dept., PO Box 9730, Greenwich, CT 06835. Tel (203) 661-1258.*

Previous articles in this series appeared on June 27 and 29 and July 3, 6 and 10.

Business courses

Managing Construction Site Indnstrial Relations. Brunel University. September 10-11. Fee: £140. Details from Management Programme, Brunel University, Uxbridge, Middx.

Management Control, Durham. September 16-28. Fee: £625. Details from Durham University Business School, Mill Hill Lane, Durham City, County Durbam.

Brand and Prodnct Management, Brussels. August 27-31. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Managing and Snpervising Maintenance Work, Edinburgh. September 12-14. Fee: £165. Details from Management in Action, 121, St. James's Drive, Wandsworth Common, London SW17 7RP.

Developing Effective Policies for Managing People. London. September 18. Fee: £75 (plus VAT). Details from Seminar Co-ordinator, Human Resource Management, 83 Pall Mall, London SW1Y 5ES.

Corporate Planning in Practice, Henley, Oxfordshire. September 30-October 5. Details from The Administrative Staff College, Greenlands, Henley-on Thames, Oxfordshire.

Enro IFIP 79—The Enropean Conference on Applied Information Technology. Wembley Conference Centre, London. September 25-28. Fee: £105 (plus VAT). Details from Euro IFIP 79, Box No. 46, Cleveland Road, Uxbridge, UB8 2DD, Middlesex.

Principles and Practice of Marketing, Bradford. September 30-October 5. Fee: £260. Details from University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU.

Microprocessor Appreciation, London. September 24. Fee: £80. Details from Course Registrar, Bleasdale Computer Systems, 7 Church Path, Merton Park, London SW19.

Senior Executive Course XXIV, Manchester. September 17-October 5. Details from Post-experience Course Administrator, Manchester Business School, Booth Street West, Manchester.

Progressive Personnel and Industrial Relations Management, Oxford. September 23-28. Fee: £325 (plus VAT). Details from Eurotech Management Development Service, PO Box 28, Camberley, Surrey, GU16 5HR.

How to Manage Foreign Exchange Risk, London. September 18-19. Fee: £253. Details from Conference Manager, Institute for International Research, 70 Warren Street, London W1.

LOMBARD

Surprised at the obvious

BY REGINALD DALE

ONE OF Sir Geoffrey Howe's first acts as Chancellor of the Exchequer was to express his amazement at the way that Britain's contribution to the EEC budget is rocketing upwards, a development he found "wholly unsatisfactory." The new Government is now pressing just as hard as its less-European-minded predecessor to get the system changed.

"Unsatisfactory" the system certainly is—from the point of view of any British Government. The UK's net contribution to the EEC exchequer next year is likely to be more than £1bn—a figure that Mr. Nigel Lawson, the Financial Secretary to the Treasury, chose to describe earlier this week as "quite frankly intolerable." It is not so much the amount that causes the problem. The average British citizen's contribution to Europe is only a tiny fraction of his or her contribution to the notional exchequer.

Ammunition

The problem, in economic terms, is that the EEC budget contribution is paid out across the exchanges, while the taxpayers' offerings to Westminster remain in the country. In political terms, it is that it provides such fabulous ammunition for anti-Marketeers. It is only too easy to make out the case that the budgetary system is unfair. Not even its French advocates would deny that it transfers resources from weaker economies, notably those of Britain and Italy, to those of their stronger partners.

But, the French would be entitled to argue (and they would be right), Sir Geoffrey has absolutely no cause for "astonishment." The working of the system was well known before Britain joined the Community, and was indeed the cause of considerable public controversy during the entry negotiations. Next year Britain is expected to be chipping in just over 20 per cent of the budget, in gross terms. During the entry negotiations figures of 25 per cent or more were being floated for the UK gross contribution around 1980. One must assume Sir Geoffrey's surprise to have been somewhat disingenuous—a ploy to put the blame for the situation on the Labour Government once "the books had been opened."

And it is not just that the system was well known. It was an essential feature of the Community that the UK was seeking to join—a Community, of course, that Britain, by its own choice, had no hand in shaping. If Britain had not accepted one of the fundamental principles embodied in the budgetary system—that of "Community preference"—it is more than likely that it would never have got in at all. It has always been an article of French faith that member states trading with their partners should be rewarded (so as to boost French exports) and those trading with the outside world penalised. Britain's high contribution is largely caused by its high level of imports from outside the Community, on which the duties and levies must be handed over to Brussels.

Where the UK really went wrong, if one forgets about not joining the Community at the beginning, was in the famous Wilson-Callaghan "renegotiations" of 1974-75. The obvious tactic for Britain was to accept the system in principle in order to get into the Community and then change it in practice from the inside. As it happened, only the first part was accomplished, and the failure of Mr. Wilson's renegotiation to make any appreciable difference to the British contribution has made life that much harder for his successors. The other eight countries are now heartily sick of British attempts to reopen the terms of the country's membership.

Public spending

Two more, less easily foreseeable difficulties have now arisen. First the French will argue, as they have already begun to, that the British, with a strong exchange rate and large oil reserves, are hardly the poor men of Europe that they make out. Secondly, Mrs. Thatcher's approach to public spending would appear to have ruled out the option of reducing Britain's overall contribution by increasing the amount of Community money spent on industrial, social or regional policies from which the UK would benefit.

Mrs. Thatcher is not going to give up. She has reportedly warned President Giscard d'Estaing that she can be "a male John Silkin" if she has to be. Let us hope it never comes to that. What better issue for the new directly elected Parliament in Strasbourg to get its teeth into? The whole Community would benefit from a final solution to the problem, even if it is in the end mainly Britain's own fault.

A place farther apart

AROUND BRITAIN

RATHLIN ISLAND

BY STEWART DALBY

IT IS common to call Northern Ireland "a place apart." Not only is it legally separated from the rest of Ireland; it has special religious and cultural divisions which dominate its life.

If this description is apt for the troubled province as a whole, it is appropriate to call Rathlin Island a place farther apart: not just because it is physically separated from the Ulster mainland.

To be sure, the island has a very small community—only 85 people—but "the beautiful and rugged little island is probably unique in the troubled province in that there is no sectarian bitterness and there has been no communal violence in the ten years since the clashes between Protestants and Roman Catholics began to recur.

Rathlin lies eight miles off the wild North Antrim coast and at its nearest point it is just over 15 miles from Scotland. In its earlier history it was over quite sure whether it was part of Scotland or of Ireland. Historically like the glens of Antrim, it belonged to the Kingdom of the Isles and the inhabitants were thought to believe that Ireland was another island lying off the southern coast. Rathlin passed through some particularly bloody patches. Through the centuries it was a staging post for the Vikings, Normans and Scots. In the 16th century the population was over 1,000. Wars, massacres, famine and more recently the development of the mainland have carved the population down to its current 85. Perhaps the island is best known for being the site of Bruce's cave. It was there that Robert the Bruce saw the spider, decided to try again and went on to recapture his lost kingdom of Scotland.

In 1746 one Reverend John Page bought a long lease from the Earl of Antrim, who was then in financial trouble. Since then, seven generations of the Page family have lived, albeit not continuously, on Rathlin.

Today the island, the only inhabited one in the province, is very firmly part of Northern Ireland. It has no form of self government, not even a village council. It is run from the mainland by the Ballycastle district council, with money for roads and other municipal services coming from this council's budget.

The island is about five miles long and three miles wide at its widest point. Virtually all the 20 families now have a car or a van. Because the roads are fairly rough and ready, the island has a fair number of worn-out and wrecked cars strewn around it. Rubbish disposal is a problem and there is no central electricity supply on the island. Most houses have small, eight horsepower generators. These are enough for lighting and television but there are no refrigerators. The two shops, therefore, sell a limited range of foodstuffs. Meat and other perishables are bought on the mainland. Either a mail boat or a fishing boat usually goes across every day, although in the winter the weather can be fierce and it is common for the island to be cut off for a week at a time. Despite the lack of a central electricity supply, there is a telephone link by radio. The red telephone box combines with the public lavatory built in 1976 to provide incongruous symbols of modernity in a wild setting.

The islanders, who for some reason sound more English than Northern Irish or Scots, make their living from farming and fishing. There are 50 farms on the island, the largest ones are about 300 acres. The farms are mostly given over to cattle although there are some sheep. The farms qualify as hill farms and therefore are eligible for a £29 per head beef subsidy. In a year when prices are good a big farmer could theoretically make between £5,000 and £10,000.

The fishermen, of whom there are 12, working five boats, can also do well. They fish mostly lobster, although there is some line fishing for herring and mackerel. In a good week a boat could get 100 lbs of lobsters from the 40 or so creels. Recently, the lobsters were fetching £1.50 a pound. Another source of income is tourism. There are no hotels but a splendid pub, called Tony McCuaig's. It is decorated with the masts and bow-names from the numerous wrecks around the island. The islanders view the tourists, of whom there can be 100 each summer weekend, as a mixed blessing. As one fisher put it, "you could not be nicer than them, but we only want the right type." Many trippers on walks around the island knock over parts of dry stone walls and frighten sheep.

What the trippers find, apart from the beautiful scenery, lots of rabbits and 18 different species of birds, is a community among which there is apparently no religious divide. Tony McCuaig, asked if there had ever been any trouble, replies "no, thank God." The school has 10 children, both Protestants and Catholics. This makes it very unusual in Northern Ireland, although admittedly there is now only one Protestant family left on the island. When ever the Protestants have a special service at their church, the Catholics have been known to go and fill out the numbers.

Perhaps the greatest irony in terms of the religious situation is that the island's MP is the Rev. Ian Paisley. In Tony McCuaig's pub, one man made a statement which would have caused any journalist working in Northern Ireland to fall off his bar stool. He said: "Of course the Rev Ian Paisley has done a great deal for us here. He was largely responsible for getting our new ferry." It may well be that the Paisley has done this because of his opposition to the Ballycastle council. It therefore is saying Mr. Paisley is thought to have his reservations about ... as much as Catholics. It's Official Unionists ... Official Unionists dominate the Ballycastle council. Nevertheless, this is one good example ... Mr. Paisley has kept as good as his word and dealt commendably with Roman Catholics.

But then, Roman Catholics on Rathlin have not expressed any desire to be part of a united Ireland. It would be very difficult for them to do so.

Effects of Tote phone decision

RACING

BY DOMINIC WIGAN

ALTHOUGH IT has been decided, after the events of last week, that all tote bets for transmission to the course are to be telephoned to the track before the "off" punters taking a chance with the "machine" will still, by the law of averages, receive some freak dividends.

However, from my experience, those loyal to the tote as an alternative form of betting, where the punter takes two gambles with each horse, will remain so; while those preferring to take a price or bet at starting price will continue with their method. Incidentally, a spokesman for tote credit made it clear to me yesterday that no one—a member of the staff or otherwise—would find a truly accurate assessment of tote odds anything but extremely difficult at any given moment leading up to the "off."

For the only mechanised tote boards showing the public the number of units staked are at Newmarket, Newbury and Ascot, and those three (introduced before World War 2) are, as many have found to their cost, often labouring well behind the state of the game.

The tote, so often the first in with an ante post book on a race a fair way in the future, have, predictably, installed the Queen's Milford (a 5-1 favourite at 4-1) for the September 15 of the St. Leger. The Royal colt is one of seven West Ilsley-trained entries for the classic so sensationally won by the Queen's Dunfermline at the expense of the otherwise unbeaten Alleged in 1977. It is followed in the betting by another Hern colt in the same ownership, the 14-1 chance, Buttress. The one-time Derby favourite from the same stable, More Light, is another amongst the 64 entries for the classic, which carries record added money of almost £71,000.

Although the tote have set a bold example to the four giant multiples of late in being prepared to lay rather than quote (as is sometimes the case elsewhere) their ante post odds, the organisation's continued policy of not betting on an event sponsored by a rival seems childish and petty, to say the least.

British trainers cast their nets far and wide this weekend with challenges being sent to five countries. Senorita Poquito and stablemate Rheinsparkle are among the runners for Saturday's Irish Guinness Oaks, while on Sunday our overseas raiders take in Holland, Germany, Belgium and France.

On the home front, I expect Rivadon, who ran really well for a long way to win a 300 to 1 chance in the Irish Sweeps Derby, to lift today's Aldbourne Stakes at Newbury.

NEWBURY

2.00—Rivadon***
2.30—Rentino
3.00—Quay Line
3.30—Prince of Sheba
4.00—Sovereign Rose**
4.30—Welthi*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 10.55 Golf: The Open. 1.30 pm How Do You Do?. 1.45 News. 2.15 Golf: The Open. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 Agaton Sax and the Feast at Byköping. 5.10 We're Going Places. 5.35 Captain Pugwash.

5.40 News.
5.5 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Star Trek.
7.45 Project Apollo.
9.00 News.
9.25 Royal International Horse Show.
10.45 Spike Milligan in Q7 (London and South-East only).
11.15 Regional, National News.
11.20 The Late Film: "Love Me Or Leave Me," starring James Cagney.

All Regions as BBC 1 except at the following times:—

Scotland—9.45 am Magic Roundabout. 9.50 Jackanory. 10.05 Pixie and Dixie. 10.10 The Boy from 5B. 10.35-10.55 Take Hart. 5.55-6.20 pm Reporting Scotland. 10.45 Grimble on Genius. 11.15-11.20 Regional and National News.

Wales—1.30-1.45 pm Bys a Bawd. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.20-7.45 Ask the Family. 10.45 The Welsh Sheikhs and Saudi Arabia. 11.15-11.20 Regional, National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.45 Talking Sport. 11.15-11.20 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.45-11.15 East (Norwich) The Nene Valley: Midlands (Birmingham) Tell Me . . . Jasper Carrott; North (Leeds) Imago Mundi; North-East (Newcastle) The Houses of the Sun; North-West (Manchester) Champion Brass: South (Southampton) Personal Choice: South-West (Plymouth) Peninsula: West (Bristol) Wine Fair Jazz.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.20 pm Golf: The Open.
6.55 Gardeners' World.
7.20 Mid-evening News.
7.30 First Night of the Proms (simultaneous with Radio 3 stereo).
9.20 All Creatures Great and Small.
10.10 Kilvert's Diary.
10.25 Project Apollo.
11.15 Late News.
11.30 Golf: The Open (highlights).

LONDON

9.30 am A Place to Live. 9.45 Au Travail! 10.05 About Britain. 10.30 Arms and Armour. 10.40 The Bubblies. 10.45 The Nature of Things. 11.35 Spiderman. 12.00 A Handful of Songs. 12.10 pm Rainbow. 12.30 Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Divorce and After. 2.00 Friday Matinee: "For Whom The Bell Tolls," starring Gary Cooper and Ingrid Bergman. 4.20 Midnight is a Place. 4.50 Paul. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames at 6.
6.30 Get Some In!
7.00 The Krypton Factor.
7.30 The Space Movie—a film which celebrates the 10th anniversary of man's landing on the moon.
9.00 Kids.
10.00 News.
10.30 A Question of Sex.
11.15 The Friday Film: "Dracula Has Risen From The Grave," starring Christopher Lee.
12.45 am Close with George Baker.

All IBA Regions as London except at the following times:—

ANGLIA

10.35 am Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.25 pm Anglia News. 2.00 Friday Film Matinee: "The War Between The Tates." 3.50 The Sullivans. 5.15 Bailey's Bird. 6.00 About Anglia. 10.30 Probe. 11.00 Friday Late Film: "The Champagne Murders." 12.45 am Men Who Matter.

ATV

10.30 am Captain Nemo and the Underwater City. 10.35 Sesame Street. 11.35 Bailey's Bird. 1.20 pm ATV Newsdesk. 2.00 Movie Matinee: "Up The Down Staircase." 5.15 Makin' It. 6.00 ATV Today. 11.30 Mary Hartman, Mary Hartman. 11.00 Movie Premiere: "A Sensitive Passionate Man."

BORDER

11.00 am Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm Border News. 2.00 Matinee: "It's Good To Be Alive" 3.50 The Sullivans. 5.15 Gamock Way. 6.00 Lookaround Friday. 6.30 Mind Your Language. 10.30 Your MP. 11.00 Late Film: "The Revenge Of Frankenstein."

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 2.00 The Friday Matinee: "Summer Madness." 3.50 The Sullivans. 5.15 Dynomutt the Dog Wonder. 6.00 Report at Six. 6.35 Invasion Road. 10.28 Channel Late News. 10.35 Chimley Corner. 10.55 Late Night Movie: "The Man Who Had Power Over Women."

GRAMPIAN

9.25 am First Thing. 10.35 Technoflash. 11.00 Portrait of a Village. 11.25 The National Benzole Bowls Championship. 11.50 The Woozies. 1.20 pm Grampian News Headlines. 2.00 Friday Matinee: "This Is The West That Was." 3.20 Something Special. 5.10 Survival 6.00 Grampian Today. 6.10 The Beachcombers. 6.30 Get Some In. 10.30 Reflections. 10.35 About Turn. 11.05 The Friday Late Night Horror: "Dance Of The Vampires." 12.35 am Grampian Late Night Headlines.

GRANADA

10.30 am Sesame Street. 11.25 The Funky Phantom. 11.45 Song Book. 1.20 pm Cartoon. 2.00 Friday Matinee: "Lucky Jim." 3.50 The Sullivans. 5.15 The Rolf Harris Show. 6.00 Granada Reports. 6.30 The Jetsons. 10.30 Clapperboard North-West. †11.00 Hitchcock: "The Lady Vanishes."

HTV

10.35 am Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowls Championship. 11.50 The Woozies. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 "Salome," starring Rita Hayworth and Stewart Granger. 3.50 The Sullivans. 5.15 Gambit. 6.00 Report West. 6.15 Report Wales. 6.30 Get Some In. 10.35 The Late Film: "If He Hollers, Let Him Go."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Miri Mawr. 6.00-6.15 Y Dydd. 10.35 ... 11.05 Outlook. 11.20-12.40 am The Late Film: "Delfi."

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.30 am Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championships. 11.50 The Woozies. 1.25 pm News. 2.00 Friday Matinee: "Love Is A Many Splendored Thing." 3.50 The Sullivans. 5.15 Gambit. 6.00 Scotland Today—Summer Extra. 6.30 Weir's Way. 10.28 Scottish News Headlines. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear.

SOUTHERN

10.35 am Andy's Party. 11.00 Portrait of a Village. 11.25 National Benzole Master Bowler Championships. 11.50 The Woozies. 1.20 pm Southern News. 2.00 Friday Matinee: "River Of Mystery." 3.50 The Sullivans. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South-East (South-East area only). 6.30 What's On Next? 10.30 Weekend. 10.35 Opinions Unlimited. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late Film: "The Nanny."

TYNE TEES

9.25 am The Good Word, followed by North-East News Headlines. 10.35 Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm North-East News and Lookaround. 2.00 Friday Film Matinee: "Uncle Silas." 3.50 The Sullivans. 5.15 Makin' It. 6.00 Northern Life. 10.30 The Friday Night Film: "Play Misty For Me." 12.25 am Epilogue.

ULSTER

10.30 am Andy's Party. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm Lunchtime. 2.00 Friday Matinee: "Marco." 3.50 The Sullivans. 4.10 Ulster News Headlines. 5.15 Gambit. 6.00 Ulster Television News. 6.30 The Practice. 10.30 Friday Night. 10.40 Friday Film: "Marlowe."

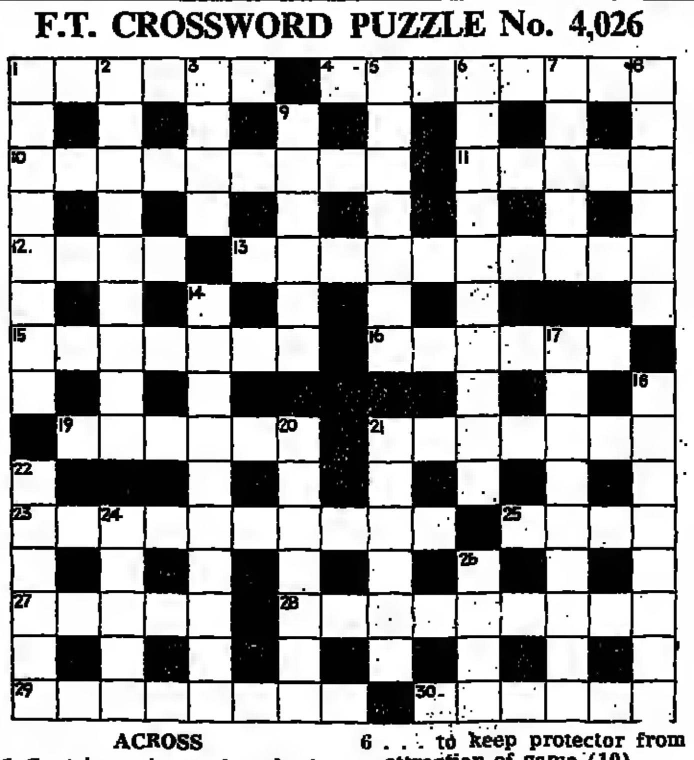
WESTWARD

10.35 am Andy's Party. 11.00 Portrait of a Village. 11.25 National Benzole Master Bowler Championships. 11.50 The Woozies. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.00 The Friday Matinee: "Summer Madness." 3.50 The Sullivans. 5.15 Dynomutt the Dog Wonder. 6.00 Westward Diary. 6.35 Time Out. 10.32 Westward Late News. 10.36 Chimley Corner. 10.55 Late Night Movie: "The Man Who Had Power Over Women." 12.30 am Faith For Life.

YORKSHIRE

10.30 am Moby Dick and Mighty Mightor. 10.45 Kids at Play. 11.10 Three for the Road. 1.20 pm Calendar News. 2.00 Friday Film Matinee: "Crooks And Coronets." 3.50 The Sullivans. 5.15 The Best Disco in Town. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Summer Sport. 10.30 Soap. 11.00 "The Beast In The Cellar."

F.T. CROSSWORD PUZZLE No. 4,026



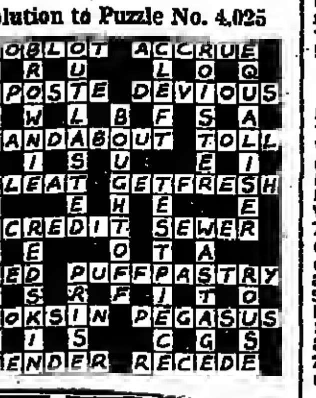
ACROSS

1 Captain whose heard is traveller's joy (3, 3)
4 Prepare to ride to col at top of mountain (6, 2)
10 Without money to meet apartment rent (4, 5)
11 Anything should sound like this (5)
12 King sick of stream (4)
13 College on form in court (5, 5)
15 Trace garment one returned for example (7)
16 Artist is at home, old fruit (6)
19 Toughen girl with a pound (6)
21 Bag tout repaired in marine tower (3, 4)
23 Laundry not getting return on capital (10)
25 Accomplished by a second-grade article in France (4)
27 Want to bear of massage (5)
28 Go over peer leading revolution (4, 5)
29 Wonderful period (4, 4)
30 Possible goal scorer is a brick (6)

DOWN

1 Lords shot on leaving approach to House (3, 5)
2 Wrong one of seven (6, 3)
3 Vestment one finds in French cathedral (4)
5 He gets his own back in Geneva rioting over the right . . . (7)
6 . . . to keep protector from attraction of game (10)
7 The Spanish drink in Scotland (5)
8 Irregular plot before end of July (6)
9 Vehicle test I have used as stimulus to action (6)
14 Peer objected to having similar views (4, 6)
17 Club sure to be rugged (4-5)
18 Present person when bid is made (8)
20 Member joins friend without breaking the law (7)
21 Otto confused with love ring is simply exquisite (3-3)
22 A funeral party over pole can be stirring (6)
24 Polish female Cockney layer (5)
26 Gaelic sounds from Somerset (4)

Solution to Puzzle No. 4,025



هكذا من الأصل

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 5.00 Andy Peebles. 8.00 Simon Bates. 11.00 Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Peter Powell. 4.31 Kid Jensen. 5.31 Roundtable. 6.00 Mike Read. 5.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.05 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Derek Hobson's Open House (S). 2.15 David Hamilton (S). 4.03 John Dunn's Open Special (S), including 5.05 Waggoners' Walk. 7.02 Marks In His Glory (S). 7.30 Sports Desk. 7.33 Fiesta de Oorita (S). 8.02 Johnny Arthey conducts the BBC Radio Orchestra (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Take Your Partners at the Radio 2 Ballroom. 11.02 Sports Desk. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Tim Gudgin (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9.00 News. 9.05 This Week's Composer: The Wesleys (S). 9.35 Cardiff University Recital, part 1 (S). 10.20 Interval Reading. 10.25 Recital, part 2. 10.55 Josquin Des Pres concert (S). 11.45 BBC Northern Symphony Orchestra (S). 1.00 pm News. 1.05 Playbill (S). 1.20 Composer's Portrait (S). 2.35 Piano Recital (S). 3.35 The Glazunov Symphonies (S). 4.25 Comparing Notes (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home. 7.10 Pied Piper (S). 7.30 First Night of the Proms from the Royal Albert Hall (simultaneous with BBC 2 television): Mahler (S). 9.20 Viola and Piano recital (S). 10.00 Mind, Matter and Mechanism. 10.45 Music In Our Time (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel Information. 9.00 News. 9.05 Baker's Dozen (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way. 11.40 Announcements. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The Enchanting World of Hinge and Bracket (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Grandma Shouldn't Wear T-Shirts. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Sounding Off. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight (S). 12.00 News.

THE ARTS

Covent Garden

Hippolyte et Aricie

by RONALD CRICHTON

One of the English Bach Festival's endearing and eccentric habits is to produce an epilogue, weeks after the main business is safely delivered. This year, at last, it was a single performance at Covent Garden of Rameau's opera, *Hippolyte et Aricie*. But there was a difference—on Wednesday Sir Charles Mackerras conducted the EBF Baroque Orchestra and Chorus and an all-British cast. The performance was much more firmly controlled, more unified than last year's Anglo-French mixture.

It was not all gain. The French text, when audible, was too meekly mouthed—by and large the English soloists sang more but declaimed less, and French baroque opera depends enormously on correct declamation. One missed the liquid line of Anne-Marie Rodde and the fiery, witty movements of Béatrice Cramoix. But something about Rameau's genius seems to confuse French musical sensibilities as easily as Berlioz does—we in Britain aren't more naturally gifted or knowledgeable but somehow the talent for working harmoniously and common-sensically together (still evident in our musical life if not elsewhere) leads to more solid rewards.

Michael Holmes produced, using as last year the wings of Jurgen Rose's ballroom set for *Ballo in maschera* and the EBF's splendid costumes based on Boquet designs from the Bibliotheque Nationale in Paris. Well and good as far as they go. One can't complain of simple, makeshift methods for a single performance, but this solution gives a purely static effect to an essentially mobile art-form—no transformations, no descents from above or disappearances below, everybody in lines or circles on one gently sloping level (what a rotten theatre dear, beautiful, beloved Covent Garden really is, not only for presenting ballet, but opera). They might at least have changed the colour of the cyclorama, a friendly, immutable picture-postcard blue, absurdly unsuited to scenes like the underworld or the mourning for the supposed death of Hippolytus.

This year the chorus were all in the stalls circle, as for *Daphnis and Chloe*, though a few of the dancers were singing—or at least opening their mouths. This was better than the dotty division last time with girls on stage and boys in the orchestra pit: if they got out of time, they all did so—but not for long with Sir Charles as shepherd. The dancers performing the period movements patiently recreated by Belinda Quirey and Michael Holmes were more vigorous—on the whole than before but ineffective just where they should have been most telling—at the extremities. Perhaps the trouble was that steps intended for a small, crowded stage were being shown on a large, sparsely populated one.

It is a fault in the Abbé Pellegrin's libretto that Hippolytus and Aricia are less interesting than Theseus and Phaedra. The title-roles were sung on Wednesday by Ian Caley (as last year) and Lynda Russell, who was moving when the music took charge but apparently defeated by baroque-style gestures and by French consonants—nevertheless she is an appealing young soprano. The "dark" couple were Neil Howlett, a sympathetic baritone clearly appreciating the splendid music Rameau gives to Theseus but voicing it less incisively than Ian Caddy did last year, and (another veteran from the former cast) the excellent Carolyn Watkinson, whose Phèdre was especially moving in her splendid final scene. Others who earned special mention were Michael Goldthorpe (as the monster Tisiphone and the first of the Three Fates, whose bizarre trio made a stronger effect this time), Roderick Kennedy, Marie Angel, Sally Bradshaw and Caroline Friend.

On paper this repeat may have seemed an egregious exercise. In effect it was a welcome opportunity for closer acquaintance with a masterpiece that may at first appear formidably remote. Not true—the declamatory recitatives slipping in and out of the briefest airs and ariosos, the choruses encapsulating Bachian breadth and power in less than Bachian span, all add up to music-drama of high if at first strange quality. No body, surely, could underrate the appeal of the dances, so varied, so elegant yet earthy, so inventively scored. But it was Rameau the musical dramatist who came out strongest in Mackerras's reading, above all in that superb sequence at the close of act four.

Neil Howlett

Cinema

Hair today is gone tomorrow

by NIGEL ANDREWS

Hair (AA) Dominion
Allegro Non Troppo (A) Essential
Arabian Adventure (U) Warner West End
The Spaceman and King Arthur (U) Odeon St Martin's Lane
Porridge (A) Classic Oxford Street

Hair is a tribute to yesterday's Now Generation: and a reminder that when it comes to tackling major cultural movements of our day, Hollywood nearly always gets there too late and finds its theme buried under a snowfall of nostalgia.

The stage musical by Ragni, Rado and MacDermot appeared in the 1960s and was to the hippy generation what *The Blue Light* was to the Third Reich: a testament-cum-celebration made while the bloom was still on its disciples' cheeks and before history had marched through, trampling its more perishable preteosions underfoot. Haight Ashbury had, of course, a lot more going for it than Nazi Germany—indeed it was probably the most convincing popular antidote to that epoch that the post-war era has thrown up—and it still has some healthy things to say to us today.

But its besetting weakness was its naivety. Flowers do not have power, and making love is neither an antonym nor an antidote to making war. But *Hair* put the strongest case for the Peace-and-Lover generation at the time, and Galt MacDermot's music is far husier, brighter and more evangelistic than the passivity of the creed it supports. *Hair* was no Lie-Down-and-Think-of-Timothy-Leary show, it was a musical that jumped up and battered you pleasantly around the ears with its euphoria.

Milos Forman's movie version alas, embraces the worst of both worlds. It immortalises the naivety of the hippy ideology and it turns the euphoria into a 70's-style razzamatazz that is jarringly inappropriate.

John Savage, trailing clouds of brutalised innocence from his role in *The Deer Hunter*, plays another Vietnam conscript, this time waylaid on his last 48 hours in New York (before joining the army) by a group of Central Park hippies who want him to tear up his draft-card and join their Drop-Out Crusade. One knows the film is going wrong from the moment in the first big production number set in the park—"Aquarius"—when Forman slips in a couple of dancing police horses. And it goes steadily more wrong as it chronicles Savage's adventures with his adoptive hippy clan—led by Treat Williams, his Captain Marvel profile here framed by shoulder-length hair—and shows (a) how Our Heroes embarrass the Rich by gatecrashing a party, dancing on the table and stealing the family car, and (b) how they embarrass the army by stealing into a Nevada training camp (where Savage is posted) and smuggling him out for an afternoon's illicit furlough.

It's a film that abounds in energy and movement and has absolutely no sense of where it is going. Its backward glances at the Vietnam era are the consummation of Hollywood hindsight. The Vietnam war is a chapter of American history already curling at the edges, and to aim potshots at it in 1979 takes as much courage and initiative as ambushing a drugged tortoise.

Forman approaches the staging of the songs in a spirit of Every - Which - Way - But - Consistent: sometimes it's a voice-over while the narrative action continues, at others its yowling mouths and high-kicking limbs in Central Park. The actors have a lot of vitality and conviction and they need it. If they didn't look as if they believed in what was happening, the film's last lifeline to credibility would snap in two.

*

Allegro Non Troppo, an Italian animated feature with a sprinkling of live action, is a cheerfully rude riposte to Disney's *Fantasia*. The film is three years old but looks a good deal younger and more modern than *Hair*. Like *Fantasia* it uses a series of classical music pieces as a springboard into cartoon fantasy: returning after each sortie to live-action scenes of the musicians rehearsing. These Fellini-esque interludes, featuring a plump conductor and an all - female, all - elderly orchestra, have a deadpan-slapstick beautifully in counterpoint to the poetic hyperboles of the cartoons. The latter range from the Creation of Life out of a Coca-Cola bottle (set to the slinky strains of Ravel's *Bolero*) to the adventures of a randy satyr whose mixed success with the local nymphs is accompanied by Debussy's *L'Après-Midi d'un Faune*.

Trudy Perkins, Neil Carter and Charlaine Woodard in 'Hair'

Can the British cinema, when it's tackling fantasy subjects, please just once get the mixture right? The recent remake of *The Thief of Baghdad* had sprightly performances and a story with built-in, time-tested appeal, but its special effects were bargain-basement. The new *Arabian Adventure* has the mixture in reverse: rejoicing in swish and streamlined effects—you'll believe a carpet can fly—but handicapped by the most woebegone story and performances imaginable.

The first is a dim crib on *The Thief of Baghdad*, set in the Near Orient and involving rival attempts to find and capture the power-giving "Rose of Elil." The second include a glum, inexpressive hero (Oliver Tobias, not-so-fresh from his exertions in *The Stud*), a comic-relief villain who doesn't raise a smile (Milo O'Shea), and Christopher Lee lending his sepulchral monotone to the role of a Caliph with a fondness for smoke-wreathed levitation.

The director-producer team of Kevin Connor and John Dark have made earlier sorties into the *terra infirma* of myth and fantasy, exhibiting a similar weakness for peapling snazzy, surprise-packed surroundings with dull characters. The visual pluses in *Arabian Adventure* are so strong—a vivid tornado near the beginning, an aerial dog-fight with flying carpets at the end—that someone should whisper gently in their ears the advice that they revolutionise their casting system and hire some new writers.

Just to show that Hollywood can get it wrong as well, *The Spaceman and King Arthur* is a dose of Disney magic strong on *trompe l'oeil* visual effects and *trompe l'oreille* dialogue—NASA meeting Camelot in a fetching clash of argots—but weak on wit and story impetus. The story is "inspired" by Mark Twain's *Connecticut Yankee in King Arthur's Court*, with the difference that the Yankee featured here—and played by Dennis Dugan—comes from Cape Kennedy and arrives in 6th-century Britain after his spaceship has taken an Einsteinian backward leap through Time.

The welcoming party includes Kenneth More as a breezy King Arthur, Ron Moody as a dour Merlin, Jim Dale as the evil Sir Mordred and John Le Mesurier bringing his *distrait* twitch to the role of a somewhat well-advanced Sir Gawaine. The film fuels itself for as long as it can on Comedy-of-Anachronism, and then switches to visual slapstick at the finale with a pitched battle between Arthur's knights, aided by the spaceman who rains havoc from an airborne, rocket-fuelled ejector seat, and Mordred's rebels.

The film tries fearfully hard to please, but most of its wit and magic come from the component making least effort: namely Mr. Le Mesurier. Will some film-maker please seize on the languishing genius of this exquisitely dapper *dégagé* and bewildered comic actor, and build a staring role for him?

*

Porridge is a film version of the long-running TV comedy series about prison life starring Ronnie Barker. Written by the series' stalwarts, Dick Clement and Ian La Frenais, and directed by Mr. Clement, it bears at times the elongated, stretched-on-the-rack look of so many TV-into-film movies. But in compensation for some thin-on-the-ground laughter, there is a tolerably ingenius plot (Fletcher's inadvertent escape from prison and subsequently frantic attempts at re-entry) and staunch support from the series regulars Fulton Mackay, Brian Wilde and the late Richard Beckinsale.

Open Space

A Life in the Theatre

by MICHAEL COVENEY

David Mamet is one of the gifted new American playwrights enlivening off-Broadway these days. In this surprising play, less linguistically interesting and compact than some of his others, he pays his dues to his chosen profession. A sad, middle-aged actor, Robert, and a blond young hopeful, John, share a dressing room. In New York, *I imagine*, we would have been backstage in summer stock. At the Open Space, in Alan Pearlman's convincingly Anglicised production, we could be snooping on, say, the Crewe or Northampton Rep.

It is all rather like Terence Rattigan's *Harlequinade*, with a nod in the direction of Molnar and Pirandello. Downstage we have two make-up tables and racks of costumes. Upstage is a proscenium arch where a succession of revue-style snippets of awful drama are enacted by Robert and John and reflected back at us on a large mirror. A mute stage manager ferries the thespians back and forth, making such classic stage management blunders as the wrong sound effect on tape or the early curtain.

The sketches themselves are hilarious, especially the one for two businessmen in which the junior, after wickedly removing his moustache, reveals that his lady is pregnant *by the senior*. After that, the cigarette lighter *fails*. Freddie Jones and Patrick Ryecart play the scene to the hilt, *transforming their offstage* acrimony over powder-box etiquette into *an* onstage conflict. The trouble is that the joke becomes repetitive, flashing to life again as Mr. Jones, mumbling after that fatal extra drink, curses the experimental *theatre en route* to storming the barricades as a French Revolutionary.

Because Mr. Pearlman's production is so deliberate, you keep waiting for an ideological crunch that never comes. The backstage scenes are not capable of bearing the weight thrust upon them, and the play ends up *punctuating* black-outs and music rather than *vice-versa*. The old boy is lonely, the youngster on his way. But even the *longueurs* cannot quite dim the memory of the frantic panic that invades the dressing room when a zip gets stuck, or the sight of Mr. Ryecart desperately trying to fix a recalcitrant window in Tyrolean climbing socks while Mr. Jones furiously jostles for attention in a wig and a wheelchair.

I suspect that, played less portentously and a good deal faster, this could emerge as a very funny comedy.

Arts Council bursaries

The Arts Council has approved five bursaries to dancers to enable them to have time to create new programmes. The bursaries of between £370 and £600 have been awarded to Maedée Duprès, Dennis Greenwood, Miranda Tufnell, Chris Juffs and Tony Thatcher.

The Arts Council has also approved theatre writing bursaries for Michael Hastings, Robert Holman, Glen Park and Reg Stewart.

Warehouse

Hippolytus

by B. A. YOUNG

David Rudkin's glowing version of Euripedes does not go far from the original (or anyway from Gilbert Murray's far less glowing version, one I know). It leaves out the references to people and places that would probably be unfamiliar to modern audiences, and it soft-pedals a little on the supernatural.

Indeed the rationalisation of the supernatural is one of its *hallmarks*. Aphrodite and Artemis, both excellently spoken by Juliet Stevenson, are not so much goddesses, despite their corporeal appearance, as opposing sides of human nature, the one urging man on to sex, the other to wisdom. Theseus (called here only "the King") has no "three prayers" to call on; he represents the traditional prejudices of older generations, and his reaction to the *lying tale that Hippolytus* has seduced Phaedra is no more than to exile him. Th ebull from the sea is a kind of bonus.

The verse, which is in the language of our own time, falls chiefly into free pentameters, and is most beautifully spoken by the company with a hint of backing music that I could have done without. Michael Pennington is a noble *Hippolytus*, Natasha Parry a truly seductive Phaedra, Valerie Lush the Nurse and Patrick Stewart the King. The chorus and the messenger are handled by two players, Geoffrey Freshwater and Diana Berryman.

Action is reduced to the necessary minimum. The players wear white clothes of no special significance, and play on a square stone slab before a rough hoard with a dash of whitewash. The play takes just over two hours, and there is no interval. Potential audiences are warned that despite the basic similarity of the plot, much less happens in Euripides than in Racine's *Phèdre*. This doesn't mean, at any rate in this production, that it is any less exciting.

Hywel Bennett to star in new Anthony Shaffer play

Hywel Bennett is to star in a new comedy thriller by Anthony Shaffer, *The Case of the Oily Levantine*" which is due to open in the West End in mid-September. Also starring will be Adrienne Posta, Bernard Archard, William Squire, Wolfe Morris and Anna Quayle.

The play will have a pre-*London* tour, *opening on* Monday, August 6 at the Theatre Royal, Richmond.

Wigmore Hall

Frank Bridge

by NICHOLAS KENYON

A chastening, invigorating evening at the Wigmore Hall. Chastening to discover how *little one knows* of one of the major creative forces in 20th-century English music; invigorating to find that the music of *Frank Bridge can speak with* power and conviction to a new generation.

The Park Lane Group chose to present in this centenary concert Bridge's four major works for violin, cello and piano: the two sonatas and the two piano trios. And for once with an English composer, the impression was not of failing promise, talent dissipated by an infirm sense of purpose: the music grew in stature from the rhapsodic early to the fiercely original late works.

Of the 1907 *Phantasie* piano trio, it was possible to have doubts—bold ideas strung together without any real sense of direction, reaching for but never quite achieving coherence. For the lovely, warm Cello Sonata of 1913-17, there could be nothing but affection, even in a disappointing performance by Amaryllis Fleming. But it took the Violin Sonata of 1932 to electrify us with Bridge's clarity of thought: in this one-movement condensation of a violent, vicious Allegro, a ghostly, shifting Andante, scuttering Scherzo and incisive Finale, we heard pre-echoes of much that has been best and most vital in post-war English music. Manoug Parikian played it with complete command, resplendently rich in tone.

And then the Second Piano Trio of 1929: overlooked at the time, presumably, by listeners to the latest Bax or Howells miniatures, this experimental yet sure-footed work may yet find that its time has come. Its crystal-clear, eerily shifting treble-register writing for piano was captured with a precise sense of atmosphere by Bernard Roberts; in the middle of the first movement, as sequential chords twist and turn towards keys and as quickly away, seconds piled up, there suddenly seemed to be an audible link between the sound-worlds of early Schoenberg and late Britten. Astonishing that the ethereal scherzo and dancing finale should be so utterly original in sound and content: strange that such a work should not have been played and played again over 50 years. The Parikian-Fleming-Roberts trio served it magnificently: let this not be an isolated hearing of their performance.

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The refugee dilemma

HOW TO DEAL with a nation barbarously prepared to evidt over a million of its population even at the risk that more than half those leaving will be drowned at sea? The question is central to the conference on Indochina refugees that opens in Geneva today and is one that puts before the international community a dilemma that it has not faced in such blunt terms sice Hitler's far more gruesome determination to be rid of the Jews.

The Vietnamese are not physically expelling their ethnic Chinese community. But they have made clear that there is no place for them in Communist Vietnam. The intimidation that forces the Chinese to risk their life by taking to often unseaworthy boats is a matter of depriving them of jobs or schools for their children and then of facing them with the choice of work in labour camps or in the "new economic zones." Mrs. Thatcher was right in wanting a conference that would tell the world more about what is happening in Vietnam today.

Humanitarian

But the immediate concern of the Geneva meeting must be the humanitarian issue of finding a permanent home for those who have survived this miserable *ordeal* and of getting the Vietnamese to slow down the exodus. Some 200,000 boat refugees are now in camps in South East Asia including 68,000 in the British colony of Hong Kong. Mrs. Thatcher's offer that Britain will accept 10,000 puts a more humane face on her denunciation of the inhumanity of Vietnam. But it is small beside the magnitude of the problem and beside the numbers that some other recipient countries are taking.

The Vietnamese will not voluntarily accept any slowing down of the exodus unless they can see some gain to themselves or the international pressures on them are too strong to resist. One element in any solution will have to start from international acceptance of the plan agreed between Vietnam and the United Nations High Commissioner for Refugees (UNHCR) for "orderly" departure from Vietnam itself or from transit camps in the region. The West cannot afford to be seen to be turning away refugees without undermining its position that citizens of Communist countries have the right to leave. More important any attempt to force the Chinese or dissident Vietnamese to stay would risk further endangering their lives.

But the Vietnamese must also be left in no doubt that neither they nor any other country can simply export their unwanted population. The Vietnamese are vulnerable to pressure. So to a limited extent are their Russian allies who do not wish to see an anti-Soviet bloc gather momentum in South-East Asia.

Pressures

The Vietnamese are vulnerable in that they are sensitive to their international image—which is one reason they are attending the conference. Their economy is well night shattered by a combination of war and bad harvests and they desperately want aid from nations other than the Soviet Union. In Kampuchea they face the prospect of a disastrous famine this year—posing for the west tricky problems of how to help without bolstering the pro-Vietnam regime. They also face a well organised Khmer guerilla movement which the Chinese and their neighbours in South East Asia have the power to stiffen further through a flow of arms and armed men.

The Vietnamese are well aware of some of these pressures on them. They should be made more aware of them in the corridors at Geneva, and more openly—if this is necessary—in the debate on the refugee issue which seems increasingly likely in the Security Council. At the moment the Vietnamese are playing a game of brinkmanship to consolidate their hold on Indochina irrespective of what the cost is in human lives. In this they apparently have the support of the Russians. Mrs. Thatcher is right in wanting to stand up to this bullying. But Britain and other western states must also support the other nations of South East Asia in sharing the burden of the refugees.

Cutting down the NEB

TWO PROBLEMS have faced the Conservative Government as it considered what to do with the National Enterprise Board. One was to decide how to deal with those investments which were likely to remain in the public sector for some time, either because they are unsaleable in their present form or because the NEB is too heavily committed to them. The other is the more philosophical question of what sort of agency, if any, is thought to be necessary to correct the imperfections of the market

Monitoring

As expected, Sir Keith Joseph announced yesterday that the NEB would continue to look after those companies which have been in trouble, which have a prospect of viability but for which no private-sector solution is available. One of the arguments for using the NEB to hold the state investment in BL and Rolls-Royce is that a semi-independent agency is more likely to monitor management performance and make changes when necessary than a government department. This is by no means certain; arguably a strong Board in the company itself, with a non-executive chairman and a majority of non-executive directors, could do the job better. But for the time being it is probably less disruptive to maintain the NEB's supervisory role.

Sir Keith left open the possibility that in "wholly exceptional circumstances" the NEB might be used in future to rescue a failing company, but this would only be on the initiative of the Government. There is no question of the NEB behaving as a general merchant bank. "The greater part" of its portfolio will be sold off as circumstances permit. But there is an important exception. The NEB will be allowed to retain its investments in the dozen or so newly established high-technology companies, mainly in computer software and microelectronics.

Sir Keith argues that the market has in recent years been discouraged from supporting such ventures. He thinks it is sensible to use the NEB as one means of familiarising the market with new technologies. This role will be necessary, according to Sir Keith, only until the market is strengthened: the funds available will be strictly limited and in each venture the maximum amount of private investment will be secured, with a view to full private ownership as soon as possible. The NEB will be able to reinvest some of the proceeds from disposals of these companies in new high-technology ventures, but only in partnership with private capital.

This concession to the NEB's desire to retain at least some of its entrepreneurial function raises a number of questions. Within its portfolio there are certain ventures, notably Inmos in micro-processors and Nexos in office systems, which look dubious on technical and commercial grounds. There is a strong case for putting a stop to them now before any more money is spent.

The NEB will presumably argue that these are precisely the high-risk ventures which the private sector is reluctant to support and which are vital to the future of the UK electronics industry. A partial answer for the future is to ensure in the new legislation that all investments above a certain sum have to be specifically approved by the Government — a restriction which will no doubt cause the NEB's entrepreneurial executives to seek other jobs. But given the NEB's existing commitments it will be difficult for Sir Keith to avoid taking a strategic view about electronics.

Sceptical

The Prime Minister is reported to be sceptical about the value of the microelectronics support scheme from which companies like Plessey, GEC and Ferranti have benefited. If the NEB is allowed to invest public money in the same general area, will it be on an *ad hoc basis, picking potential* winners as they emerge, or will it be part of a strategy for electronics, as the pattern followed by France, Japan and even Germany?

The fact that other countries support their electronics industries does not mean that the UK has to follow suit. But if public money is to be used in this sector, whether through the Department of Industry or the National Enterprise Board, it is important to be clear what the objectives are and whether there is a realistic chance of achieving them. Just as the Government is right to take a critical look at the aid schemes started by its predecessor, so the NEB's portfolio of high-technology investments needs to be carefully scrutinised before additions to it are contemplated.

Rolling back the map of regional aid

BY ANTHONY MORETON, Regional Affairs Editor

WHEN Sir Keith Joseph, the Industry Secretary, sat down in the Commons on Tuesday afternoon after announcing his plan to curtail aid to the less affluent parts of Britain, one of his senior officials commented pithily that Sir Keith was "rolling back the map" of regional assistance.

Predictably, every area affected produced a spokesman during that night and the next morning to complain bitterly that its future had taken a turn for the worse. Business was not slow to respond, either. Officially, the Confederation of British Industry might welcome less government involvement; but individual businessmen are now hurriedly working out what the plans will mean for their future investment decisions and whether their manufacturing capacity should be moved to take advantage of the changed rates.

How far Sir Keith has rolled back the map can be seen from the figures. At the start of this week 43 per cent of the working population of Britain was in an area receiving some form of assistance. By the time the transitional period for changing the status of the areas affected comes to an end in 1982-83 that figure will have been cut to 25 per cent.

Intermediate area loss

But the effective cuts that Sir Keith has made are, in fact, considerably greater. Excluding Northern Ireland, where grants are higher and no changes have been made so far, there are three categories of assisted area: special development areas, in which grants of 22 per cent are available for new machinery and buildings; development areas, where prior to the changes the grants were 20 per cent; and intermediate areas, where a grant of 20 per cent was paid on new buildings alone.

In future, intermediate areas will be eligible for very little assistance. The buildings grant has been abolished and the only assistance the intermediate areas will be able to seek will come from a pool of money out of which funds may be fished only after very very stringent questioning. Aid will be very much concentrated in the special development areas and development areas, and even the attractiveness of the development areas is being reduced.

Such an approach is not necessarily a bad thing. Sir Keith has been true to his word and is now concentrating assistance in the areas where it is most needed. The special development areas, which were originally set up to give extra help to those parts of the country such as the North-East, South Wales and around Glasgow where the run-down of coal and steel had posed difficult economic problems, will continue to receive 22 per cent assistance.

In order to make these areas comparatively more attractive, the rate paid in the development areas has been put down to 15 per cent.

At the same time, the heavily aided areas have been more sharply defined. Some special development areas have been downgraded to development areas and some of the latter to intermediate status.

Few can argue with such change. Regional assistance has grown haphazardly over the past 15 to 20 years and much of the growth has occured as a result of local pleading falling upon receptive ears. This higgledy-piggledy progression, in consequence, threw up any number of anomalies.

Aberdeen, where house prices lag only slightly behind those in the South East, is in an intermediate area. So is Harrogate, a highly successful watering place and conference town. Scarborough, a comparatively well-off resort, is actually in a development area. Stoke-on-Trent and Crewe, a couple of miles apart, are both prosperous cities, yet the latter is assisted; the former not.

The other sector in which cuts are being made is in selective assistance. Under the 1972 Industry Act, introduced during the Heath administration, regional grants could be supplemented by selective assistance under Sections 7 and 8 of the Act. Section 7 assistance was largely given for the purpose of job creation or maintenance in the assisted areas; Section 8 to help firms anywhere under a variety of guises.

Bonus for Ford

When Ford decided to build its engine plant at Bridgend in *South Wales, a development* area, it received the 20 per cent towards the cost of its new plant and another 20 per cent towards the buildings. But it also received £75m under Section 7 in interest relief grants, making a total aid package of approaching £150m.

Without that package, Ford would have gone elsewhere. Austria, France, Belgium, Italy, Germany and Ireland are all in the market for new internationally mobile projects and all are willing to put together attractive financial packages. Sir Keith's cuts will make it that much more difficult to attract industry to Britain.

Section 8 aid has always contained an element of what the civil servants call "additionality." That is, a businessman has to prove that he would not have gone ahead with an investment without government help. This "additionality" criteria has now been extended to applications for assistance under section 7.

In future, it will do a businessman no good to go to the government and say: "I am going to put up a factory in Newcastle. What assistance can you give me?" He will be politely shown the door.

If the industrialist is wise, he will preface his remarks in some such way: "I am thinking of putting up a factory in Newcastle but, because of my cash flow, there is no way I can do it unless I get some assistance. Can you help me?" He will then be asked for his profit and loss figures over the past three years, his projections — and the scheme will be discussed.

This is what Sir Keith meant when he described applications as being liable to be looked at with greater stringency.

It is estimated that by 1982-83, assistance under section 7 will be no more than £61m, bringing about a saving of £18m on the previously projected assistance for that year of £79m. This compares with £162.6m in 1977-78 (the last year for which figures have been published). Even if the Ford share of the 1977-78 sum is subtracted, other Section 7 aid that year was £88m, so there should be considerable savings on top of the £233m resulting from the cuts in regional development grants.

But will there? The amount saved will depend very much on the reaction of industry. Firms are much more mobile than they were and are quite liable to move, or extend, operations a few miles up the road to take advantage of higher levels of assistance. This happened a decade ago in Cardiff and was one of the grounds for upgrading the city from an intermediate to a development area.

Furthermore, the reduction of grants in the development areas and their abolition in intermediate areas will encourage firms to look for other means of support, so there could be more applications for Section 7 assistance, not fewer.

What irks industry more than the greater stringency which will be exercised in future is the way in which the system is changed so frequently. In the past nine years there have been four main changes.

In October, 1970, the Heath government ended Labour's grants system and introduced tax allowances. With the Industry Act of 1972, the Tories performed an about-turn and reintroduced grants. Labour, over Christmas 1976, in bowing to Common Market policy, abruptly ended the regional employment premium. Now there are the Joseph measures. The government, implicitly, accepts this criticism and is letting it be known that there will be no changes for the next five years.

A more pertinent criticism is that Sir Keith Joseph has done nothing to create a viable regional policy but has merely tinkered with the financial edges of it. The Labour government had a muddled view of regional policy, based heavily on political expediency, but it did boost the status of both Scotland and Wales; offered them the prospect of devolution, and was conscious of the need not to let the North and the North West suffer.

Labour did little to co-ordinate regional policies, though, and Sir Keith has not attempted to improve on that record. Britain is regionalised in many different ways, but no two ways coincide. The economic planning councils boundaries differ from those of the regional health authorities and the regional water boards. The Post Office, British Rail, British Steel and others draw their own boundaries to suit their own needs.

A second criticism is that Sir Keith has underestimated the effect that regional assistance has had on job creation. His estimate of 10,000 net new jobs a year compares unfavourably with the work done by Mr. Barry Moore and Mr. John Rhodes at Cambridge's Department of Applied Economics.

They estimate that net job creation in manufacturing industry in Scotland, Wales, Northern Ireland and the North alone amounted to 12,000 jobs a year between 1972 and 1976. When Merseyside and the South West are included, the figure could be nearer 15,000. And these figures exclude both the effect on service industries and the multiplier effect generally.

Furthermore, because of the turn-down in the economy, the figures are lower than those recorded in the Sixties, when regional policy was being pursued a lot more vigorously.

Nor will the considerable easing of the arrangements for obtaining industrial development certificates help the less-affluent regions. It is true that it has not been difficult to get an IDC in the past three years, but it was the effective use of IDC controls which did much to channel new firms to the assisted areas. The steady erosion of IDC policy has contributed substantially, in the opinion of Moore and Rhodes, to the erosion of regional policy.

Inner-city jobless

No mention was made by Sir Keith of the thinking which is now going on within Mr. Michael Heseltine's Department of Environment on inner-city policy, an area which cannot be divorced from regional policy. Some of our most affluent cities, especially London and Birmingham, are suffering very high rates of native unemployment.

Moore and Rhodes have estimated that indigenous unemployment—that is, unemployment among people who both live and work in an area—is as high as 14 per cent in inner London. Yet nothing is being done to help London and there are fears that the extra help which the former Environment Secretary, Mr. Peter Shore, gave to Glasgow, Merseyside, Newcastle, parts of inner London and Birmingham may actually be cut.

In other words, little new thought appears to have been given to the sort of criteria which should be used for designating a place as eligible for assistance.

Sir Keith Joseph has made some sensible moves and achieved monetary savings. But he has missed a bigger opportunity to do something about regional policy as a whole.

REGIONAL GRANTS 1972/3—1977/78

	PLANT AND MACHINERY			BUILDINGS AND WORKS				
	SDA*	DA†	Total plant and machinery	SDA	DA	IA‡	Total buildings and works	Total plant and machinery and buildings and works
Scotland	159,083	163,521	322,604	45,785	39,151	663	85,599	408,203
Wales	60,033	122,018	182,051	10,422	25,736	10,035	46,193	228,244
Northern	154,391	262,461	416,852	37,588	38,954	nil	76,542	493,394
Yorkshire and Humberside	nil	4,620	4,620	nil	3,136	71,352	74,488	79,108
East Midlands	nil	nil	nil	nil	nil	4,752	8,694	8,694
South West	nil	18,279	18,279	nil	3,987	2,195	6,182	24,461
West Midlands	nil	nil	nil	nil	nil	325	2,338	2,338
North West	85,993	51,497	137,490	17,956	6,242	47,860	72,058	209,548
Total	459,500	622,396	1,081,896	111,751	117,206	137,182	372,094	1,453,990

* SDA—Special Development Area. † DA—Development Area. ‡ IA—Intermediate Area.

Source: Department of Industry

SELECTIVE ASSISTANCE

Cumulative offers and payments to March 31, 1979)

	Number	Value £'000	Associated project costs £'000	Estimated employment associated with projects: New	Estimated employment associated with projects: Safeguarded	Payments £'000
Loans	551	131,061	443,196	40,941	38,324	103,556
Equity	5	11,067	950	nil	958	11,067
Interest relief grants	3 332	283,676	3,899,501	231,273	68,674	74,840
Removal grants	488	10,979	10,773	7,729	268	6,836
Service industry grants	167	16,207	nil	11,737	nil	5,054
Other grants	18	14,982	11,702	nil	10,514	11,739
Total	4,561	467,972	4,366,122	291,680	118,738	213,092
					Repayments	30,028
					Net expenditure	183,064

MEN AND MATTERS

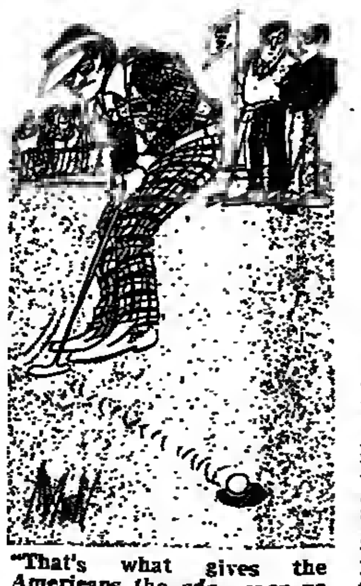
New chapter for old Moore

The urbane presence of Alan Moore—probably the Gulf's best-known British expatriate—will be much missed at the endless receptions which provide Bahrain's most effective business intelligence service. Moore first visited the island in 1969 for the foundation of Alba, the aluminium smelter works largely financed through the ECGD and the bank for which he then worked, Glyn, Mills and Co. When he leaves to join the board of Lloyd's Bank International in December, he can reflect that in one decade be has effectively put Bahrain on the world's financial map.

The early years of Alba were fraught with financial problems which be helped to overcome, and it was bis contiouous contact with the Goverment of Bahrain whicb brought the invitation in 1974 to direct the newly-formed Bahrain Monetary Agency. He served for three years as director general and another two as adviser. "No-one shonld be allowed to become a central hanker without commercial banking experience," be oow says. "Then one appreciates how much time is consumed in filling in returns for the central bank—only so that someooe there can file them away. You also understaod how regulations can he bent or avaded if they are of no practical benefit."

Bahrain's offshore money market, patteroed on the regional market of Singapore, was launched in October, 1975, and was an immediate success. Within six months 32 licences had been issued to major international banks and trading had already begun.

Still only 43—and anactive motor-sport enthusiast when oot presiding over his blue-glass palace in the heart nf Manama's diplomatic area—Moore says his discovery last week that the entire *management of* Alba were his juniors "suddenly made me feel rather old."



"That's what gives the Americans the edge over us—the prize money is in pounds."

In the bag

A remarkable piece of entrepreneurial endeavour was reported to me yesterday by a City reader. He was somewhat bemused hy a communication from tbe managing director of the Brentwood Sack and Bag Company, ooe L. Laurier, wbo runs the company with R. Laurier and M. Laurier.

L. Laurier's letter announced that the company was represeoted at the recent London Cbamber of Commerce AGM and lunch. "I was unfortunately unable to speak to you persooally," says the letter, which goes on tn suggest the recipient might be interested in second-hand hessian sheeting, double-knit (and polythene) dust sbeets, black polythene sacks, rolls of polythene of different kinds, according to my informant—"a host nf other goodies."

It would appear that a catalogue of Laurier's products bas been expedited to all or most of the 630 Chamber luncheon guests. Quite what the many MPs, foreign bankers, and hairdressers present will make of it is a mystery to me. But who knows? *Hessian* sheets may touch some stray nerve in Lombard Street. And if all else fails, Laurier can always recoup the cost of the postage by selling the Chamber's guest list.

Name game

On my telepbonic travels during the last day or two, I have discovered just how blg the names industry has hecome. Particularly among news letter managers, they are being bought, sold and swapped with increasing gusto, culled from subscription lists, conferences, credit companies—and of conrse lunch guests lists.

Ladbroke'a might even have saved themselves the trouble of employing their now notorious car number spotters hy contacting a company called Elite Registrations in Wiltshire, which buys and aells number plates—and sells its clients' addresses. "We also have lists of applicants for personalised number plates," I was told bye the owner, Tony Hill, who assures me he is "number 1" in the field. The applicants are as good as people who actually have them. They're all up-market names, really cream names, people with money to spend." Price: £25 per thousand. Poring over the nation's Yellow Pages, Hill has also tracked down less gilded, but still saleable, names: hairdressers, fishmongers, carpet-layers.

There is a limited market for almost any kind of list, eveo that offered to me by ooe broker of 259 Norwegian interior decorators (a mere £15). I found this almost as resistible as the names of 250 people who trooped along to the "International symposium nn the bydrological characteristic of river basins and their effects on better water management in Japan"—vintage 1976.

Bnt cat burglars, perhaps a few wayward casino nperators, and L. Laurier if be is in a hullish mood, might be interested in passing an eye over Britain's Krugerrand huyers—wbo can be had for a mere £35 per thousand.

Tuned in

Despite using only a sixth as much energy as the average U.S. family, the Japanese household has switcbed on to the energy crisis with commendable equanimity, if one can judge by the response to a questionnaire sent nut hy Mitsubishi Electric.

Twenty per cent of the respondents said they would be cutting down on watching television—particularly effective in Japan, where hroadcasting goes further round the clock than anywhere else in the world. Another 8 per cent, even more ascetically Inclined, vowed they would be getting up and going to hed earlier so they could save on electric light. This would, of course, cut down television watching too, unless they succumb to the temptation of watching television in hed.)

Made of even sterner stuff are those who suggest having the whole family live in nne room. No heating at all would needed, and It would be bard to see or hear a television in a really crowded room. If this solution were combined with another idea—taking fewer baths—there would at least be plenty to talk abont.

Going native

Estate agentese is alive and well and living in Tooting. A South African reader searching yesterday for somewhere to hang his hat was surprised to he tnld by the estate agent: "This is a most agreeable little residence, sir. But you might find the area a little, er, ethnic."

Observer

The case of the Midland Bank and Heller International ● By STEWART FLEMING in New York

Foreign bank bids: U.S. unease grows

THE STAMPEDE of foreign banks to expand their U.S. operations is beginning to face growing opposition after a year during which the Federal Reserve Board approved the transfer to foreign control of U.S. banks with assets aggregating $24bn.

The most visible evidence has been the battle in New York about whether the Hongkong and Shanghai Banking Corporation should be permitted to acquire the state's seventh biggest bank, Marine Midland Bank, with assets of $14bn.

In Chicago where the fifth, sixth and seventh largest banks are now all targets for foreign acquisition, bankers such as Mr. Roger Anderson, chairman of the city's biggest bank, Continental Illinois, question whether it is "equitable" that foreign banks should be able to take over institutions which domestic banks are legally prevented from bidding for.

Continental Illinois, incidentally, has been the bank in Chicago which has been most active in encouraging foreign banks to open for business in the city. In private, executives at other banks are much more critical of the wave of foreign takeovers, but their public comments are phrased with an eye on the diplomatic repercussions for their own, extensive, foreign businesses.

This wek in Washington the debate about foreign bank takeover activity in the U.S. took more formal shape when the Senate Banking Committee opened hearings on the issues. The fact that only two Senators attended suggests that political concern is a long way below boiling point. Government witnesses from both the Treasury and the Federal Reserve stoutly defended national policy which is that foreign banks should be permitted to acquire U.S. banks without facing discrimination because of their nationality. But this official view is coming under attack. Influential sections of the U.S. banking industry are attempting to rally political opinion against it.

Senator John Heinz, one of those who attended the hearings, has proposed that Congress institute a six month moratorium on foreign bank takeovers of U.S. banks while regulators study the issues. He appears to have won a sympathetic response from the Committee chairman, Senator William Proxmire. Even Senator Heinz's staff concede that the chances of his proposal being given priority in Congress are at present slight. But it is equally clear that the more critical mood towards foreign bank takeovers could spread if takeovers continue unabated. Even the current atmosphere seems likely to lead the Federal Reserve to scrutinise more vigorously new applications as they come before it.

Biggest sum

This may give cause for concern to the Midland Bank which earlier this month launched a bold $520m takeover bid for Walter E. Heller International. Midland's offer adds up to the biggest sum that any foreign bank has earmarked for a U.S. acquisition. The bid, which has to go to the Federal Reserve for approval after having been endorsed by the Heller board, shows a shrewd appreciation of the dominant trends in U.S. banking and a canny understanding of how Midland's strengths can be welded into the U.S. financial market.

Complaints that foreign banks and competitive advantages finally led the Congress last year to pass the International Banking Act of 1978. That act set out to remove some of these advantages, in particular their freedom to open branches in several states when U.S. banks may only have deposit-taking branches in a single state. The Act, as the president of the New York Federal Reserve, Mr. Paul Volker has pointed out, did not deal with some important issues arising from foreign takeovers of U.S. banks.

Some of these issues have been raised by the New York State Banking Superintendent, Miss Muriel Siebert who was on the point of refusing Hongkong and Shanghai Bank permission to acquire Marine Midland. Miss Siebert has published a 50-page analysis of the Hongkong Bank's application for approval of the Marine deal which goes a long way towards refuting those of her critics who accused her of simple nationalism. She reveals for example that the Hong Kong bank was unable to provide her with "consolidated balance sheets and income statements of itself and its major subsidiaries prepared in accordance with generally accepted accounting principles in the U.S. and containing adequate disclosures."

The question of regulating a bank controlled by a foreign parent is one important issue critics of foreign takeovers are raising. Another is the impact of foreign control on a bank, such as Marine, which is a dominant factor in the local economy.

While these broad issues are obviously of long-term significance there can be little doubt that the issue which is stirring up most opposition to foreign bank takeovers in the U.S. is the growing worry among U.S. bankers that the foreign invaders still have a competitive advantage over many local institutions. Take the Midland bid for Heller: a large U.S. bank would be barred from making a similar bid by banking holding company legislation, and probably by anti-trust law as well.

American sensitivity on this point is heightened by the fact that U.S. financial markets are in a state of flux with the banks facing intensifying competition from finance companies, savings associations, and the commercial paper market as well as the foreign banks. Many of the largest among them are chafing at the legal restrictions which prevent them from operating effectively in more than a single state.

It is an appreciation of these competitive forces which is the most striking element in the Midland Bank's proposed acquisition of Heller, an element which, coupled with Midland's existing U.S. interests, promises to make its proposal controversial.

Although Heller controls the fifth largest bank in Chicago, American National Bank and Trust, with assets of $1bn, and is therefore a bank holding company, its main business and the bulk of its profits are not in banking at all. It is a finance house lending to small and medium-sized companies on the security of their assets, receivables or stocks and operating across the nation with 55 offices in 35 major cities. It is in fact a leader in its business and if Midland secures control it will have a position in this asset based lending market which no other U.S. bank can equal.

It is not just these big banks that are expanding in this market. Some of the biggest and most sophisticated U.S. companies are either in the field or seeking to break into it. This month the giant electronics and telecommunications concern RCA announced that it was ready to spend probably over $1bn buying one of Heller's rivals, CIT Financial.

Restrictive

General Electric, the world's leading electrical equipment company, has also been expanding dramatically in the financial services industry in competition with finance houses like Heller, and with the big banks. General Electric Credit Corporation has assets of over $6.6bn and makes business and consumer loans. Aetna Business Credit, a subsidiary of Aetna Life and Casualty and Commercial Credit, Control Data's subsidiary, are big in the field too.

So far as the big banks are concerned the attractions of moving into competition with the likes of Heller and CIT Financial are varied. A primary one, and one which is no doubt as important to Midland as it is to Barclays Bank which recently paid $193m for American Credit, is that finance houses have leading operations in dozens of states across the country. Banks may generally have deposit-taking branches in one state only under U.S. banking laws, though they may lend money anywhere in the country. Thus control of a finance house subsidiary with lending offices in several states is one way of sidestepping the restrictive banking laws.

Another factor is that the biggest companies which used to borrow from the giant money centre banks in New York, Chicago and San Francisco, have been borrowing growing sums in the commercial paper market where funds are cheaper. The banks want a new market for loans to try to replace some of the business lost to the commercial paper market. Lending to smaller or medium sized companies in local markets across the country is an obvious possibility.

The obvious question of course is why so apparently well positioned an organisation as Heller should want to merge with Midland Bank for it could certainly have resisted successfully. The Fed has made it clear that it would look askance at hostile takeovers of U.S. bank holding companies, and through its ownership of American National, Heller is a bank holding company.

One reason of course is that Midland is offering a very generous price of $42.50 a share compared with a market price for the stock of around $17 before Heller said it had been approached, and a book value of $23.76 at the end of 1978. As Mr. Franklin A. Cole, chairman and chief executive, puts it, he and his colleagues are professional managers and they must act in shareholders' interests.

But another factor is undoubtedly the commercial environment in which Heller is operating. The earnings growth from Heller's finance house operations, factoring, leasing and lending against stocks—asset based on collateralised lending—has been sluggish since 1974. In part this was so because of the recession which hit in that year, but also because of mounting competition from those major companies, including banks, which have been attacking Heller's markets and cutting rates to compete.

Expertise

Heller's management clearly feels that a link with a big international bank such as Midland will help its business. The backing of Midland will improve its access to both the U.S. and the international markets such as the Eurodollar market; it will enable Heller to increase the ratio between its borrowings and its capital base to levels nearer those at which its rivals, owned by large corporations, operate; it may find that it will be able to pay a lower rate of interest on its borrowings, especially its long-term debt, and it may secure savings in its foreign exchange operations. More generally it will bring to Midland expertise in both the U.S. and many foreign markets where it has leasing, factoring and secured lending experience, businesses which Midland itself is well placed in the United Kingdom.

For its part, Midland would get access to this expertise plus a solid position in the U.S. operating nationwide in lending to companies with sales revenues anywhere between $1m and $100m in Heller's finance subsidiary and between $250m and $500m in the Heller banking subsidiary.

Since Heller lends primarily to commercial customers, Midland will not be saddled with heavy consumer lending commitments which, while profitable if well managed, are circumscribed by regulations in many states which restrict the amount of interest which can be charged. Usury laws do not restrict commercial lending where rates can be as high as seven percentage points over prime rate.

Midland will also be getting (if the deal goes through as planned) a Chicago bank which, while it could be managed more aggressively and perhaps profitably, has benefited from conservative lending policies and is highly liquid. Since it is based in Chicago where banks are only allowed to have one branch office, Midland may also find that future changes to banking law will allow it to build up a solid consumer banking business in the future.

The most pressing issue it will have to address however is how to convince U.S. regulators that it should be permitted to keep its 16 per cent stake in Standard Chartered Group, and through that company a holding in a $5bn Californian bank, and also its 20 per cent stake in the European American Bank, a New York banking institution with assets of $5.6bn owned by six international banks. That ownership of EAB is steadily becoming more and more anomalous as the shareholders build up their own—inevitably conflicting—separate U.S. operations.

In political terms questions of foreign bank takeovers are unlikely to grab the headlines in a presidential election year. Foreign banks with applications pending, including the Midland, must hope that more of their international rivals do not climb on the takeover bandwagon now and bring the controversy to the boil.

WALTER E. HELLER INTERNATIONAL

	Assets 1978 $	Net income 1978 $
Finance* (domestic)	2.2bn	22.9m
Banking (domestic)	1.6bn	15.4m
Finance and banking (foreign)	1.0bn	5.1m
Less parent company expenses†		8.5m
Net income		34.9m

* Finance includes factoring, 13.5 per cent; business loans on mortgages or security, 25.5 per cent; loans secured against accounts receivable, 20.5 per cent; inventory loans, 7.7 per cent and real estate loans, 14.6 per cent. Proportions are measured in terms of receivables in each financing category.
† Expenses include mainly interest on debt incurred purchasing American National Bank and Trust in 1973.

Letters to the Editor

Carrying the bad news to the underwriters

From the Chairman, United Leasing

Sir,—The issues raised so far in connection with the massive computer leasing losses projected by Lloyd's and others seem to have centred around whether this type of financial guarantee insurance ought to have been offered by Lloyd's. While I am not qualified to answer this question, I am able to comment upon the quality of the insurance cover implicit in the Lloyd's "J" policy and its effect on the marketplace in general.

A leading Lloyd's official is reported to have stated that "hindsight is 20:20 vision" and the view still seems to predominate that "some you win, some you lose" (without reference it would seem to the $200m-$400m estimated drain on the UK's balance of payments). Hindsight however implies not being able to quantify future events, but I contend that the facts surrounding this insurance policy were as clear as day when the business was written and that what was lacking was not hindsight but foresight.

Such myopic thinking has resulted from a lack of understanding of computer leasing. This business is a classic risk/reward industry. It is an area where the entrepreneur reigns supreme and where business judgment and timing are paramount. The major risk factor is machine obsolescence in an industry where technological change has become famous.

The key to success in computer leasing is to make investments assuming residual values as early as possible in the product's life. Our company designates an 18-month investment window following the first deliveries of a new IBM series, during which period we are prepared to make certain assumptions regarding the residual value of the equipment in the future.

It is seldom mentioned that the Lloyd's "J" policy was used wisely by certain policy holders who needed the comfort of the policy to fulfil certain regulative limitations; primarily in the United States where Federal Banking Regulation "Y" restricts the risk which a bank may take in any type of operating lease. The Lloyd's policy therefore enabled American bank-owned leasing companies who were happy to accept the risk of machine obsolescence to legitimately sidestep the regulation and write business which otherwise would have been precluded.

The Lloyd's "J" policy began to go wrong when other leasing companies which previously had relied on equity finance to fund residual value shortfalls (and in most cases had come to the limit of their investments in IBM's 370 series computers) were offered a second bite of the cherry without incurring any extra appreciable risk. The policy was manna from heaven, giving these leasing companies ersatz equity funding and thereby enabling them to write huge amounts of business which they had previously declined to entertain.

The policy started impacting the European marketplace in late 1974 and reached its zenith in mid-1976. It provided residual value insurance on certain IBM processors which were first introduced in 1972, and it permitted policy holders to assume residual values in the future which were even then well beyond the realms of credibility.

At that time my brother and I were managing a computer leasing company on behalf of a major British commercial bank. By the end of 1974 we were gradually reducing the residual values we were prepared to accept on IBM's 370 series processors. During 1975 the Lloyd's policy began to bite in Europe and business was concluded on a large scale which dramatically undercut the rates that we, or any non-policyholders, could or indeed would prudently offer.

At a later date we ourselves applied for the policy. We wanted to use it in its initial format primarily to support lease risks on any future machines which IBM might shortly announce, where we judged that the risk would be covered by the machine's revenue producing capability. By that time however Lloyd's was not prepared to issue any new policies.

The insurance disaster has not resulted from an unpredictable catastrophe. This is not Hurricane Betsy or the Darwin cyclone. The facts which are now causing such controversy were known within predictable limits when the business was written. The only uncertainty was the amount of the final loss.

It is to be hoped that the powers that be at Lloyd's will learn some lessons from these events. The policy of never dealing directly with the public precludes bearers of bad tidings from conveying their knowledge to the insurance underwriters. Our only course of action was to present our views to a broker whose prime objective was to sell insurance. This conflict of interest still remains.

Parry Mitchell.
1 Albemarle Street, W1.

The leasing industry

From the Director-Secretary, Equipment Leasing Association

Sir,—The articles on leasing by David Freud and Michael Lafferty (July 10 and 12), may give some of your readers a misleading impression of the leasing industry and, in particular, of the Equipment Leasing Association's views on lease accounting.

The demand for lease finance has grown in the UK, as it has grown throughout the world, because lessors offer a range of benefits which, added together, are unique to leasing. The use of tax allowances is one part of this package and, currently, because of the present system of incentives to industry, it is an important part in the UK. Leasing has, however, grown at comparable rates in other countries where tax relief is not a significant factor.

We estimate that around 8 to 10 per cent of the total investment in capital equipment in the UK is now financed by leasing. The figure of 25 per cent mentioned in both your articles is true only if two-thirds of capital expenditure financed from internal sources is ignored.

In view of this contribution which leasing now makes towards the financing of industrial investment in the UK, it would be surprising if Government departments and other agencies, such as the Inland Revenue, were not looking at our industry on a continuing basis. But we know of no special study of leasing by the Inland Revenue and we assume your columnist was referring to the review of corporation tax which the Chancellor of the Exchequer initiated in his recent Budget speech.

The association has not sought to delay the preparation of an accounting standard for leasing. On the contrary—we made our submission to the Accounting Standards Committee in August, 1974, and have been awaiting the exposure draft for some years in order that we might make further progress on the standardisation of methods of income allocation by leasing companies and obtain specific guidance on the deferred tax treatment of leasing transactions. We recognise, however, that other accounting matters covering more than one specialised sector of business, such as accounting for inflation, should take precedence.

We have consistently advocated full disclosure of lease commitments by lessees, although we consider that "full and fair" disclosure is best achieved by way of a comprehensive note to the accounts—this method discloses more information than would be disclosed by capitalisation. The problem of accounting for lease commitments by lessees however, is not primarily a matter for lessors.

Many lessees are opposed to capitalisation and for an example of this I would refer your readers to the opposition expressed by the Scottish group of finance directors in your columns earlier this year.

J. B. Damer,
Equipment Leasing Association,
14, Queen Anne's Gate, SW1.

Pleasure boating

From Mr. F. Haney

Sir,—Pleasure boats can yield from 10 per cent to 30 per cent and higher. It depends on a great many factors: original cost, how adept the owner or fleet operator is at selling the vacations, length of season, quality of construction, steel or plastic, etc.

Britain's canals are "old and decaying," but the tide has turned. More interest is being paid to the potential offered by a greater use of inland waterways and, with more serious waterways competition about to be announced by France, the British Waterways Board (BWB) will have to fight to live. A step in the right direction.

Britain does have "bad seasons," and there are two major reasons why. One is the domestic weather, another is the lack of foresight by the BWB in maintaining sufficient water reservoir supplies. With more active foreign marketing and a better job by the BWB, operators can level out the peaks and valleys. The recent surge of interest and investment in leisure boats has been extremely good for the industry and British tourism. It has injected a formerly dull and tottering industry with excitement and capital.

The inland waterways of Britain are a national asset and are attracting more and more interest from the Government, the investor, the consumer of holidays and the ordinary citizen. Leisure boats, although under-utilised, make a substantial and growing contribution to the economy. In short, the leisure boat business is regaining strength and health. For the Canals and Navigators Alliance (July 16) to suggest otherwise is misleading.

Frederick James Haney.
16, Sloane Square House,
1 Holbein Place, SW1

Metric inch and pound

From Mr. J. Brooke

Sir,—Congratulations to Mr. Jenkins (July 9) for pointing out the folly of abandoning imperial measures. When the Quango known as the Metrication Board was set up I wrote offering to give information on the problems of metric measures as experienced by me in ten years' residence in Scandinavia, but all I received was a buff card of acknowledgement.

It is time this country woke up to the facts of metric life. In Scandinavia timber and carpentry go by inches and feet: a standard of timber is 100 cubic feet. In Copenhagen and Helsinki the tailors measure their customers in inches, as they say they can see a mistake, which they could not do if they used centimetres. In Sweden 10 kilometres make a mile (Swedish mil), and in Denmark one buys butter by the pound (pund, half a kilogramme) and cream by the gill (pægl). Piping in that country is connected by fittings (the Danes call them feetings) of imperial measure; and land is measured, not in hectares but in cubits (alen) and small acres (tønde). In Holland land is measured in morgen, and in South Africa in morgen and (in mining land) in claims.

I suggest, Sir, that with the lack of uniformity of measurements in the so-called metric countries, the proper thing for this country to do is to wind up the Metrication Board and let market forces reach a solution. If a solution is needed. We might then be able to drop the horrid word pronounced (by some) killommeter which, as everyone knows, is 1m. millimeters.

Justin Brooke.
Clymorvah Vean
Marazion, Cornwall.

Changing from oil to gas

From Mr. J. Darlington

Sir,—The idea currently being mooted by the Government that gas prices should be raised to give greater comparability with oil seems to me to be the ultimate in absurdity.

Patently, all ways should be examined of energy saving but it would seem common sense to encourage a changeover for domestic purposes from oil to gas. Apart from existing gas fields and proven reserves in the North Sea and off our west coast there are huge quantities of natural gas associated with oil fields which have to be flared if not used.

Whereas oil is wasteful to use purely as a fuel with its many alternative uses, gas has only one basic application. Furthermore, it is very much cheaper to convert coal to town gas than to convert to synthetic crude. Thus, even when natural gas supplies are exhausted it will still make good sense to use gas produced from coal—of which we apparently have known reserves sufficient for over 300 years.

Even the argument that an increase in gas prices will help our mining industry is not valid. If and when we are able to produce sufficient coal domestically for our steel and electricity requirements it can be used to conserve precious and limited oil and at the same time to augment as necessary, natural gas.

Domestically and commercially, I use between 12,000-15,000 gallons of heating oil a year. Partly to ensure continuity of supply and partly because of price advantage I had contemplated a changeover but if there is to be a significant hike in gas prices, the cost of conversion will make such an undertaking uneconomic and I shall just take my chances on oil availability.

J. B. Darlington.
High Edser Farm, Ewhurst,
Cranleigh, Surrey.

Accounting for losses

From Professor D. Myddelton

Sir,—Mr. Biffen has disclosed in Parliament that accumulated losses of the nationalised industries total £1.9bn. But his figures do not allow for inflation, which is somewhat surprising if the Government is as keen on inflation accounting as it now pretends.

The real losses of the six main nationalised industries up to 1978 are much larger than Mr. Biffen suggests. According to my calculations, they amount to £32bn (expressed in June 1979 pounds), after charging real interest averaging 3½ per cent per annum on government capital averaging £23bn. All government capital has been treated as equity to avoid any need to credit state industries with monetary gains in respect of the Government's £5 per cent currency debasement since 1948.

Needless to say I have used the constant purchasing power method of inflation accounting (the only genuine method yet suggested). Even if current cost accounting were a method of adjusting for inflation—which the recent CCA Exposure Draft 24 explicitly admits it isn't—different years' CCA results could not meaningfully be added together.

The Government's role in inflation accounting (apart, of course, from providing the inflation) has been to obstruct the accountancy profession's 1973 proposals for CPP accounting. So it is annoying to see Barry Riley blaming the profession for inaction. The confusion resulting from the utterly inappropriate CCA method must be blamed on the committee which recommended it, and on the Government for setting up the committee just when a workable method of inflation accounting (CPP) was imminent.

D. R. Myddelton.
Cranfield School of Management,
Cranfield, Bedford.

Today's Events

GENERAL

UK: Unions and management resume talks on republication of Times Newspapers.

National Union of Railwaymen and London Transport discuss pay settlement for 3,500 workshop staff.

Presentation of National Management Game prizes, Plaisterers' Hall, London.

Memorial service for Mr. John Davies, St. Margaret's Church, Westminster.

Overseas: Two-day UN conference on Indochinese refugees opens in Geneva.

Mr. Christopher Tugendhat, Finance Commissioner, presents proposals for EEC budget.

Socialist International Party holds two-day leadership conference, Bommersvik, Sweden.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bill, including fifth attempt to introduce compulsory wearing of seat belts.

OFFICIAL STATISTICS

Department of Industry publishes sales and orders in the engineering industries (April).

COMPANY RESULTS

Final dividends: Common Market Trust, Initial Services, Lyntre Holdings, Nova (Jersey) Knit, Wallis Fashion Group. Interim dividends: Carliol Investment Trust, Glasgow Stockholders Trust, Tyneside Investment Trust. Interim figures: Lowland Investment, Updown Investment Company, West Coast and Texas Regional Investment Trust.

COMPANY MEETINGS

J. Billam, Royal Victoria Hotel, Sheffield, 12. Brent Walker, 22 Tower Place, Tower Hill, EC, 4.00. Portsmouth and Sunderland Newspapers, The News Centre, Hilsea, Portsmouth, 12.30. Robertson Foods, 59 Burnhill Road, Beckenham, Kent, 10.30. Sumrie Clothes, Sumrie House, Leeds, 12.00.

Distillers rises to £180m and pays extra 2.5p

DESPITE THE transport dispute and internal industrial action group pre-tax profits of Distillers, the Scotch whisky and gin group which takes in Haig, Johnnie Walker, Booth's and Gordon's rose from £162.5m to £180.1m in the year ended March 31, 1979.

The dividend is increased from 7.26p to 9.75p, with a final of 6.75p.

When reporting a profit rise from £74.3m to £85m at halftime the directors said that the shortfall in shipments to the U.S. in the first half had been recovered and providing there was no disruption of activities they expected a moderate increase in the full year's result.

The directors state that the backlog of Scotch whisky shipments from the transport strike in January had not been fully overtaken by the end of March.

The strike did not have the same effect on the gin sector where operations were already disrupted by internal industrial action, the cost of which in under utilisation of production capacity cannot be recovered.

Despite these difficulties both Scotch whisky and gin, assisted by sales made ahead of the April Budget, showed volume increases in the home trade. Gin also showed an increase in export markets but Scotch whisky shipments did no more than maintain the previous year's level.

The food group and carbon dioxide company again achieved profit increases, the directors state.

After all charges including extraordinary items of £3.3m (£0.6m) relating to Thalidomide, the group attributable balance comes out at £120m against £113.1m. Earnings per 50p share are stated at 33.97p (31.3p) before the extraordinary items.

The extraordinary items comprise provision for future annual payments to the Thalidomide Children's Trust £3m (nil)—less deferred corporation tax applicable £1.6m—and expenditure and commitments relating to the settlement of Thalidomide claims of £1.9m (£0.6m).

The policy on deferred tax has been changed and provision made excludes items where it is expected that tax liability will not crystallise. Accordingly the tax charge is reduced by £36.7m (£33.9m) in respect of accelerated capital allowances, stock appreciation relief and other timing differences.

	1978-79 £000	1977-78 £000
Turnover*	940,200	876,100
Trading profit†	172,900	160,600
Investment income	2,200	2,000
Financial charges	5,500	8,000
Associates	7,500	5,800
Surplus on invests	2,400	2,300
Exchange debits	400	200
Profit before tax	180,100	162,500
Taxation	56,500	48,700
Minorities	300	100
Extraordinary items	3,300	600
Attributable	120,000	113,100
Dividends	35,400	26,400
Retained	84,600	86,700

* Comprises—sales excluding duty, UK £238.8m (£224.3m), and other markets £387.6m (£356m). Duty was £313.8m (£295.8m). † After depreciation £8.8m (£9.3m) and conversion differences on exchange £0.5m (£0.9m).

See Lex

HIGHLIGHTS

Lex takes a look at the banking figures, which show a further upsurge in lending, and the latest movements in the foreign and stock exchange markets. The column also looks at three big company results of the day. **Distillers'** pre-tax profits for the year are up 11 per cent while the dividend is hoisted by over a third. **GUS** has also had a very good year with a rise in profits of over a fifth and has started the current 12 months well. Finally **Dowty's** dividend is lifted by 68 per cent and pre-tax profits have climbed by a quarter. Elsewhere, **Fodens'** paints a sad picture. The year produced a loss and borrowings are much higher, yet there is a dividend and talk of an improvement this time round. Other results of note come from **Haslemere Estates, Negretti and Zambra** and **Hollis Bros.**

Moorgate Mercantile improves

AS EXPECTED, the recovery trend continued at Moorgate Mercantile Holdings, the credit finance and industrial leasing concern, in 1978/79. There is also a return to dividends with a 0.5p net final.

A second-half advance in pre-tax profit from £102,360 to £170,392 enabled the company to finish the year to March 31, 1979, with the total ahead from £205,360 to £304,392.

The planned reduction of the company's capital to write off all but £0.16m of its £1.52m accumulated deficit as at the end of 1977/78, has been delayed on a technical point.

Turnover for 1978/79 was up at £4.57m (£3.26m). After a tax charge of £32,572 (£4,665 credit) stated earnings per 10p share emerged 0.41p higher at 1.76p.

Dowty tops £31m and lifts dividend by 68%

A MORE than £3m advance in the second half lifted taxable profit at Dowty Group from £25.04m to a record £31.18m in the year to March 31, 1979. The net dividend is being hoisted 68 per cent and a one-for-one scrip issue is proposed.

Sales were 26 per cent up at £237m, with total overseas content 31 per cent better. The aerospace and mining divisions were the main contributors to both the growth in turnover and the 24 per cent improvement in trading profit to £31.25m (£25.25m).

At midway, the surplus was up at £14.12m (£11.05m) and the directors were confident. They now say that further growth in turnover and profit is anticipated for the current year.

With the deferred element adjusted in line with Accounting Standards No. 15, the tax charge was only marginally higher for the year at £7.83m (£7.19m). This left stated earnings per 50p share at 35.1p (27.5p) basic or 34.8p (26.7p) fully diluted.

A net final of 5p steps up the total to 7.5p (4.465p) which costs £5m (£2.9m). This represents one-third of available profits on a full tax charge basis and also on a current cost basis, the directors point out.

Turnover and trading profit analysed by activity shows in £000s: aerospace and defence £82,476 (£67,371) and £14,785 (£10,939); mining £102,293 (£74,949) and £9,345 (£7,532); industrial £30,118 (£26,556) and £3,237 (£3,297); electronics £21,862 (£19,565) and £2,119 (£1,822); plus profit on group services and property of £1,759 (£1,655).

	1978-79 £000	1977-78 £000
Sales	236,749	188,441
Overseas and exports	75,287	61,654
Indirect exports	10,167	3,421
UK	151,295	123,366
Trading profit	31,245	25,245
Interest	69	207
Profit before tax	31,176	25,038
Tax	7,831	7,191
Net profit	23,345	17,847
Ord. dividends	5,001	2,501
Retained	18,344	14,946

See Lex

Denbyware profit up to £0.91m

INCLUDING £67,865 from associates, against £8,608, and allowing for exchange losses of £57,700 (£61,135), group profit of Denbyware rose from £765,082 to £911,796 for the year ended March 31 1979.

Turnover, however, showed a decline from £11.82m to £11.35m. Earnings are shown at 7.7p (7.6p), per 25p share. The final dividend is 4.058p to lift the net total from 5.4185p to 6.1705p.

The directors feel that the group is well prepared to take advantage of whatever opportunities occur. The emphasis on design and development is continuing, and some new product introductions will take place this year.

The demand for Denby in the UK, the U.S. and Canada is very positive, and there seems to be no reason why this should not continue.

They are continuing efforts to improve costs in all operations. Under these circumstances, the directors look to the results of the current year with "reasonable optimism."

	1978-79 £	1977-78 £
Turnover	11,348,113	11,825,717
Associates	67,865	8,608
Exchange losses	57,700	61,135
Profit before tax	911,796	765,082
Taxation	579,014	438,159
Extraord. debits	106,670	196,700
Attrib. profit	226,112	130,223

● **comment**

Denbyware has been smarting from its ill-fated attempts to diversify and expand, particularly in the case of its furniture importing operation from the U.S. But pre-tax profits are up by 19 per cent, despite the fact that turnover is down four per cent since last year. This latter decline can be attributed to the furniture run down. The company suffered exchange losses of £57,700 last year and like other export-orientated manufacturers, is concerned about the strength of sterling. Denbyware exports 30-35 per cent of its pottery and tableware, much of this to the North American market. The present dollar-pound rates do not bode well for company profits. The shares, at 108p, are on a p/e of 13.5, while the yield is 8.5 per cent covered just 1.2 times. On the whole, assuming that U.S. demand remains strong, Denbyware should now be on the road to recovery—but it still has some way to go.

GUS expands to £155m

SECOND HALF profits of Great Universal Stores, the catalogue mail order and multiple retail stores group, are ahead from £75.07m to £88.87m, pushing up the total for the year ended March 31, 1979, to a record £155.37m, compared with £128.1m for 1977-78. The dividend is being lifted by 2.25p.

The group also discloses that a professional revaluation of properties has thrown up a surplus over net book value of some £250m.

Current earnings per 25p stock unit are stated to be up from 28.15p to 36.9p and the dividend is being stepped up from 8.2488p to 10.5p, with a final of 6.4713p net.

External turnover shows an increase from £1.24bn to £1.44bn, including VAT of £99.08m (£86.43m). The profit is subject to current tax of £44.83m (£51.1m) and there is also a provision for deferred tax of £18.71m (£6.92m).

The figures have been prepared on the basis of SSAP 15 as regards stock appreciation relief. The deferred tax on this relief would have amounted to £13.95m (£7m).

The provision for unearned profit, service charges and collection costs were £112.78m at March 13 last compared with £99.77m.

Of the revaluation surplus the directors point out that some £220m relates to freehold and leasehold properties of over 50 years.

	1978-79 £000	1977-78 £000
External turnover	1,436,677	1,240,957
Profit before tax†	155,365	128,102
Current taxation	44,832	51,104
Leaving	110,533	76,998
Deferred tax	18,709	6,917
Net profit	91,824	70,081
Minorities	21	22
Pref. dividends	70	70
Current earnings	91,733	69,989
Extraord. credits	1,705	1,194
Dividends	26,103	20,506
Retained	67,335	50,677

† After depreciation £16.14m (£11.61m).

See Lex

Jamesons ahead in first half

ON MARGINALLY lower turnover of £3.05m compared with £3.16m, pre-tax profits of Jamesons Chocolates went ahead from £159,177 to £210,000 for the first six months of 1979.

Net earnings per 10p share rose by 1p to 3.8p and the interim dividend is stepped up to 1p (0.875p)—last year's total payment was 3.634p on £495,000 taxable profit.

After tax of £100,800 (£76,405), half-yearly net profits were £109,200 against £82,772.

Little change at Astra

IN A period of consolidation and investment, Astra Industrial Group reports pre-tax surplus little changed at £1.04m for the year ended April 30, 1979, compared with £1.02m. Mid-year profits were £426,000 against £411,000.

Turnover for the year rose from £7.67m to £8.96m, while operating surplus improved by 12 per cent to £1.14m. Although engineering profits rose £212,000 to £541,000, the contribution from the metals side fell by £115,000 to £239,000. The metal finishing result was up slightly at £361,000 (£338,000).

Pre-tax profits were affected because the directors decided to increase the level of borrowing, after considering the future likely level of inflation. The funds raised are being absorbed in property and investments, neither of which have produced their potential income in the year now reported. Both are, however, expected to show good returns in the future.

A net final dividend of 0.9p raises the total payment by 15 per cent from 1.12345p to 1.305p per 10p share. A two-for-three scrip issue is also proposed.

After tax of £379,000 (£306,000), net surplus dropped from £714,000 to £662,000. With extraordinary credits much lower at £14,000 (£287,000), available profits were down by £325,000 at £676,000.

Approximately £800,000 has been written back from deferred tax reserves.

On the property side, the company is concentrating on redeveloping three of its industrial estates which are in excess of requirements. One of these at Aston, is now completed and the other at Rochdale and Wolverhampton will be completed in the years to April 1980 and 1981 respectively.

The second increase in investment has been in marketable securities, where Astra holds a 17.7 per cent stake in Birmingham Mint. The full year's potential income has not been received in the 1978-79 year, the directors state.

Haslemere tops forecast as profits expand to £4.1m

PROFITS well ahead of forecast have been turned in by Haslemere Estates. The taxable surplus reached £4.12m for the year to March 31, 1979, compared with not less than £3.4m expected at the time of the rights issue in January. In the previous year, the surplus was £2.83m.

Net rental revenue rose from £8.36m to £9.19m, in line with expectations. Net profit came through at £3.1m, against £2.24m.

The forecast 30 per cent increase in gross dividends has been met with a net final of 3.37p which lifts the total to 4.1p (3.3p).

Stated earnings per 10p share are up from 9.45p to 12.57p on net basis, and from 10.16p to 11.21p on a nil basis. Net asset value is shown as 378p (317p) basic, and 356p (302p) diluted.

Dividends absorb £1.23m (£0.77m). There is an extraordinary credit of £1.35m (£0.43m charge) which has been transferred to capital reserve.

● **comment**

At 320p before yesterday's 12p share price fall, the uplift in Haslemere's asset backing had clearly been widely anticipated. Assets of 356p per share show an improvement of almost 23 per cent on 1978 values adjusting for the effect of the January rights issue, where the shares are now standing on a 13.5 per cent discount. That looks reasonable in view of the quality of the portfolio, which is concentrated in the City and the West End, a record of successful refurbishment and a balance-sheet which shows short-term debt of just £6.9m against shareholders' funds of £108.5m. Yet against a background of a rapidly rising stream of income (to say nothing of dividend freedom) yield considerations must start to play a role in property share assessment and here Haslemere has had to be a little cautious. After a 30 per cent rise, the dividend is still covered 1.76 times, which is historically high for the sector. But capital allowances on industrial development will be running down as revenues increase and the pool of unrelieved ACT has already been reduced from £784,000 to £360,000 so Haslemere will be facing a more normal rate mainstream tax charge within about two years. Thus, to maintain a steady rate of distribution increases, the 1978-79 dividend is perhaps artificially low and a yield of 2.1 per cent compares with the sector average of almost 2.5 per cent.

MERCANTILE HSE OVER-SUBSCRIBED

The offer for sale by Mercantile House of 2m shares priced at 160p each closed yesterday heavily oversubscribed.

Though merchant bankers, S. G. Warburg, were not qualifying the number of applications, a spokesman did emphasise that the issue attracted a "heavy" number of subscriptions.

The last company to come to market was Petrol Chain B and Q. Its issue was of a similar size—£2.94m—and that attracted applications for nearly £190m of stock.

Waddington outlook brighter

In his annual report Mr. V. H. Watson, chairman of John Waddington, believes prospects for the current year are better. The various UK companies are making steady progress and the group expects to achieve good profits in North America.

The packaging companies are currently busy and profitable while the printing businesses have good order books. Although the new plastics factory at Thornaby-on-Tees has only been in operation since January, it will contribute to profits this year, the chairman says.

Meeting, Leeds, September 14, at noon.

Inco sees pick up in second half

BY KENNETH MARSTON, MINING EDITOR

THE WORLD'S leading producer of nickel, Canada's Inco, expects earnings for the second half of this year to "improve substantially." Meanwhile, 1979 second quarter earnings are reported at U.S.$16m (£6.98m).

They bring the first-half total to $16.6m, or 7 cents per share, compared with $57.9m, or 54 cents, for the first half of 1978. A further quarterly dividend of 10 cents is declared.

The further improvement in earnings forecast for the second half is based on the better conditions in the nickel market, the settlement of the strike at the Sudbury operations and the anticipated strong performance of the ESB battery division and the formed metal products group.

The past quarter's earnings have benefited from higher prices for nickel, cobalt and precious metals. On the other hand, they suffered from the Sudbury strike expenses (these totalled $76m for the first six months of 1979) and charges attributable to the Guatemalan and Indonesian nickel projects.

Net sales in the second quarter amounted to $575m, making $1.13bn for the first half of the year compared with $1.06bn.

Nickel deliveries amounted to 99m lbs in the 1979 second quarter and made a half-year total of 22m lbs (195m lbs).

Finished nickel stocks at June 30 last had dfallen to 104m lbs from 230m lbs at end-December, 1978, and 331m lbs at June 30, 1978.

It is pointed out that copper was not available for sale in the first five months of 1979 because of the Sudbury strike; normal production levels have now been attained there.

The net reduction in earnings during the 1979 first half attributable to the Guatemalan and Indonesian projects amounted to $46m and largely consisted of borrowing costs.

The Guatemalan project met its production targets in the first half, but that in Indonesia fell short owing to a shutdown of the electric furnace for repairs to damage caused by corrosion.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allnatt		5.45	Sept. 7	3.3	6.45	4.3
Astra Industrial		0.9	Sept. 16	0.77	1.31	1.13
Braham Millar		1.07	Sept. 5	0.91*	1.67	1.47*
Clifford & Snell		0.39	Oct. 1	0.32	0.73	0.64
Denbyware		4.06	Sept. 17	3.31	6.17	5.42
Distillers		6.75	Oct. 12	4.56	9.75	7.26
Dowty		5	Oct. 19	2.26	7.5	4.47
East Daggafontein	int.	nil§	—	25	—	25
Fodens		2.61	Aug. 31	2.35	2.61	3.35
Gt. Universal Stores		6.47	Dec. 21	4.64	10.5	8.25
Habit Precision	int.	0.55	Aug. 31	0.55	—	2.2
Haslemere Estates		3.37	Oct. 4	2.3	4.1	3.3
Hollis Bros.		3.31	Sept. 3	3.31	4.61	4.48
Jamesons Choc's	int.	1	Oct. 19	0.88	—	3.63
London & Lomond	int.	1.42	Oct. 4	1	—	2.8
Moorgate Mercantile		0.5	Jan. 2	nil	0.5	nil
Negretti & Zambra		1.93†	Oct. 6	1.63	1.93	3.63
Pentland Inv. Tst.	int.	1.5	Aug. 2	1.5	—	4.55
Romney Trust	int.	1.02	Aug. 29	0.8	—	3.0
Scottish Homes		1.01	Sept. 3	0.9	1.88	1.5
S.A. Land		20‡	Sept. 7	nil	—	22
F. H. Tomkins		0.65	Oct. 4	0.82	1.15	0.97
Trustees Corpn.		4.2	Sept. 22	3.35	6	4.85
Vaal Reefs		190‡	Sept. 28	100	—	280
Western Deep		95‡	Sept. 7	65	—	147.5
Whitbread		1.94	Oct. 16	1.66*	2.9	2.55*

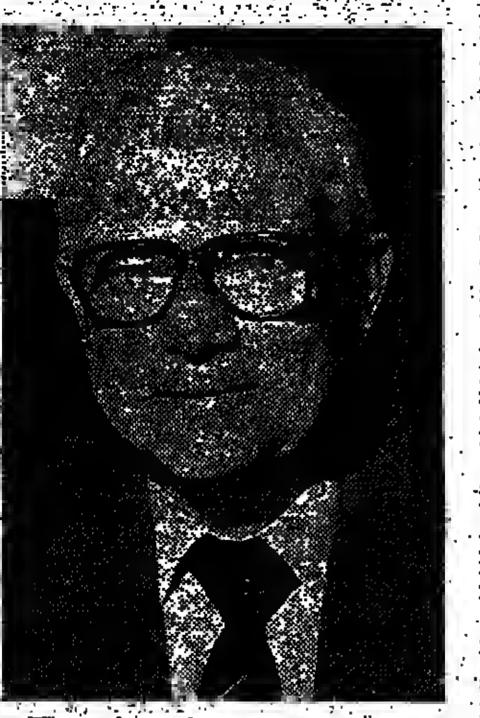
Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity with final. § South African cents throughout.

هكذا من الأصل

From the address by the Chairman, Mr S.J.L. Roberts, given at the Annual General Meeting of the Milk Marketing Board, July 1979

Farmers buy 16 Creameries



The major event of last year was undoubtedly the massive vote in favour of the Milk Marketing Board in the referendum, which settled once and for all any doubts there may have been about the degree of support that the Board has amongst our 47,000 milk producers. A 97.6 per cent turn out, with 99.5 per cent of those voting in favour, is a quite astonishingly resounding result and one which calls for and is receiving an equally determined response from your Board and staff. Owned, financed and supported as we are by the dairy farmers of England and Wales, we are resolved to prove that we are indeed worthy of such support.

Having gone through the process at the 1978 Price Review of obtaining EEC approval in principle to the continued operation of the UK Milk Marketing Boards and having obtained the approval of our producers in the referendum, we had to have a further EEC Regulation, spelling out the detailed rules for compliance with EEC Regulation 1422/78. I am pleased to report that after tough last-minute negotiations (beyond the proverbial eleventh hour) these hurdles now appear to have been cleared.

It may be tempting to assume that there have been no fundamental changes in milk marketing in the UK as we have become fully fledged members of the Community. Like many simple statements, this one is at best only a half-truth. The biggest change that producers will notice in the Accounts is that we no longer have a guaranteed price. 1978/79 was the first complete year in which the whole of producers' returns through the Board came directly from the market. Government have retained the power to influence farmers' incomes from the market through control over the retail price of liquid milk and the Green Pound mechanism, but the marketing operations of the Board now assume the all-important role in determining these incomes. This is an enormous increase in the Board's direct commercial responsibility to producers and cannot be passed off as a small change.

Producers' prices

Last year I said that we should be "feeling our way" in this new situation, and nowhere was this more the case than in the action the Board took over producers' prices themselves. Provisional prices were announced at the beginning of the year and then supplemented by a retrospective adjustment in November for the period April–September, plus an increase in the level of winter prices by the same amount (0.093 ppl). A further supplement of 0.131 ppl will be paid with the July milk cheque, now that the Accounts for the year are available.

Under the old guaranteed price system the major uncertainty in calculating the schedule of provisional producer prices was the level of production in relation to the proportion of milk receiving the guaranteed price. The Board now have to contend with a situation in which returns both from the liquid and manufacturing markets can vary substantially during a year as a result of factors quite outside our control. For example, in making our calculations we have to try and anticipate policy changes by Government on the retail price of milk and on variations in the Green Pound. The effect of inflation on the level of distributors' margins is another extremely hazardous factor to be taken into account as is speculation by our competitors in the movement of stocks ahead of possible Green Pound changes.

In announcing provisional price schedules at the beginning of last year the Board were therefore well aware that they were taking some risk. Because of this and because of the need to be able to finance increasing stocks of milk products the Board recognised the need to budget conservatively in their provisional prices. The aim was and is to pay out any accumulating surpluses to producers as quickly as is prudently possible. Our ability to make the two supplementary payments to which I have already referred shows, I believe, that this system worked quite well in its first year and we intend to maintain it in the current period.

During the year the Board looked again at their seasonal pricing policy, considering not only the continued oeed for such a policy but also the practical limits to it resulting from the operation of EEC Regulation 1422 and the much lower levels of liquid premium over manufacturing milk prices now existing. It was decided to maintain the differentials that exist in prodncers' prices between summer and winter. The Board are aware that their relative size has been reduced as the general level of milk prices has risen, but producers must realise that it would be difficult to widen them now. Nevertheless, we stand by our promise that these differentials will not be reduced in absolute size without good prior notice. Furthermore with the Board's new method of changing prices during the year, it is obviously possible to stick more closely to the intended seasonal price differentials.

Income from Manufacture

An outstanding and fundamental change in our situation in the last few years is the substantial increase in the proportion of our income which comes from the manufacturing milk market. For the first time in our history sales of milk for manufacture in 1979/80 may well exceed sales to the liquid market. This means of course that we rely increasingly on markets which are intensely competitive, in which returns are dependent on marketing strategy and in which to a large extent milk producers are the residual legatees when processing costs and the capital required in processing and stock holding has been remunerated.

Unlike the liquid milk market the greater the expansion into milk products markets, the larger the capital that will be required to be held in the form of stocks. For instance, the Board's Balance Sheet shows a large increase in 'Stocks' to almost £37 million which is almost wholly attributable to higher stocks of butter and cheese in the Board's Creameries Division.

This means in effect that producers have to carry more of their milk and therefore of their money in stocks of product. The system which I described earlier of budgeting prudently for the monthly prices and then making additional payments to producers as the year progresses and at the year end enables producers themselves to share actively in the financing of these extra stocks. In a sense a revolving fund is created from which producers are paid out completely at the end of each year. This is of course a method of finance commonly found in the running of some of the large continental agricultural co-operatives. Effectively producers' prices for the year are not affected, but by means of the revolving fund they are providing the working capital for the longer time period involved in the sale of their milk in the form of dairy products.

Unwelcome though this financial burden is, it has to be accepted as an inevitable consequence of the growth in manufacturing milk supplies and successful marketing of the products. As a feature the necessity to remunerate capital adequately will be underlined in future by the requirement of EEC Regulation 1422/78 (Article 9) to publish a separate detailed account for our Commercial Divisions and specifically to indicate an interest charge on the capital involved in working balances before the level of profit is struck. So far as the outcome for producers is concerned, this may be regarded as a 'book operation', but it serves as a reminder to them of these important points.

Distributive Margins

Producers have been very critical this year of the substantial lift which has occurred in distributive margins on liquid milk, made necessary by inflationary cost increases. As I have said, the uncertainty about these cost increases has been a major problem in forecasting producers' returns from this market. The Board as much as anyone else deplore the substantial increases that have had to be made in trade margins; they either cut into the producer price or reduce liquid sales, and this year they have done both. I draw attention to the facts on this, set out in Table 5 of the statistics in our Annual Report.

Producers complain of the apparent injustice of a system which recoups costs in full to the distributor, whilst leaving them to carry a very large part of the inflationary burden. I have no doubt that there is room for improvement in the system. The Board are always ready to take part in any study or enquiry to this end. However, I am duty-bound to say to producers that, whatever the system of costings for trade remuneration, whether it is run by Government or by the industry itself, if we want to preserve the distributive rounds service and the high level of liquid sales that is associated with it, then we must be prepared to accept the cost, which will inevitably grow as wage rates rise. The system will not be maintained unless the capital invested in it is reasonably remunerated.

We ourselves operate five quite substantial liquid milk distributive businesses, and we like to think that these are well run. These businesses give us the opportunity of examining at first hand the problems of this area of our industry. The Board's policy is to preserve the rounds delivery service as loog as possible, as we believe that it is in the producers' hest interest. I remind you that it is in fact one of the fundamental coodiitions of the EEC legislation for retaining the Board that we do preserve our liquid market.

Having said this, I am, and I want all producers to be, fully aware of the daogers that lie ahead. We now have the judgement of the European Court in the case brought hy the French co-operative Union Laitière Normande to import UHT packaged milk ioto the UK for sale in shops and the Court has found in our favour. Bot the day cannot be far off when trade harriers will be dismantled hy the EEC Health and Hygiene Directives.

Production Services

These changes and events will be the focus of continuing discussion and debate. I do not want the discussions about our industry and its future to neglect tbe changes taking place in our Breeding aod Production Organisation. I drew attention last year to the fact that our industry almost as much as the chemical, fuel and oil and micro-electronics industries is science-based and dependent on research. In this area the competitive struggle begins, and it is essential that every effort is made to ensure that prodncers have available the very best on-farm services that can economically be provided.

The evidence that producers themselves are aware of this is contained in the increasing use which is being made of these services. Research in the breediog area cootinues, and increasing use is being made within AI of nominated services from both dairy and beef bulls. Producers have now received mastitis cell count data on their monthly statements for two years. The Board are planning also to improve the use of physical and financial performance records for individual husioesses and for this purpose have hrought together this year all services in this area under one management. The LCP and Milk Records services have accordingly been combined to form Farm Management Services. This will have two main arms: Farm Managemeot Records (concerned with assembly and processing of data) and Farm Managemeot Consultants, who will use the records in their advisory work. The increasing use that can be made of computer technology in this area is going to be a major point of development in the future, and it is an area in which the Board have the facilities and intend to be in the forefront of progress.

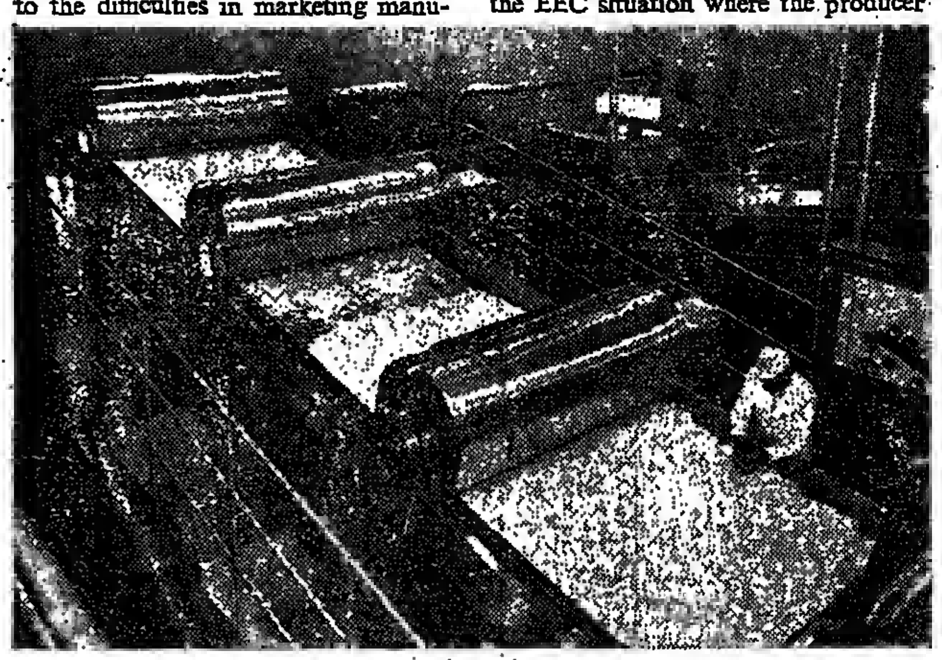
Marketing Developments

An outstanding event in the marketing of milk will occur at the eod of this month, when churn collection of milk from farms will finally cease and the entire milk supply of the couotry will be collected by hulk tanker. This has taken a long time to achieve, but we can say, having got there, that we are one of the first large European dairying countries to achieve this ohjective. Denmark became 100 per cent bulk in 1977 and the Scottish Board areas before that. All other countries of the Community (with the exception of Belgium) still have some way to go.

The Board have in the past year spent a considerable amount of time reviewing the compositional quality paymeot scheme. The present scheme has served the industry reasonably well, but circumstances have changed substantially since it was introduced, particularly through the increase in both volume and price of manufacturing milk, and the Board considered that it was time for a fresh look at the subject. They have decided as a result of this study to introdoce a system which relates producer payments more closely to the market returns for the individual constituents of milk and to bring this finally about will require a system of centralised testing. Part of the capital cost of this development will be met hy a grant from the co-responsibility funds of the Community. There has been a lively and constructive public debate oo these issues in the past year or so, and it is right that I should thank all those who have worked hard on it. The industry will not, in the near future at least, be changiog its method of selling milk on a volumetric basis with formula pricing for manufacture. Obviously however, it will be better placed to consider this in the future with the existence of a ceotralised testing service.

I have already made passing reference to the difficulties in marketing manufactured dairy products, particularly butter and cheese, in the conditions of surplus io the EEC market. The effects of the ending of transitioo in 1978, of speculation hy importers agaiost Green Pound changes, of the chaotic situatioo in the hotter market in receot mooths brought about by tbe Commission proposal to raise the butter subsidy at the 1979 Price Review aod by the introduction of the metric pack, are a relatively familiar story, and I do not inteod to dwell here on the details. I do however agaio draw your attention to the increasing importance of returns from butter and cheese markets to the prices you receixe for milk. Not only is the quantity of milk going into these markets increasing, hut notwithstanding the chaotic state of such markets, the price obtained for manufacturing milk is also being raised to EEC levels. This is shown in Table 6 of the statistics. As far as we are coocerned, 1978/79 has been a year in which we have been working off the delayed effects of tbe transitional steps to the full Community system. We believe the future should be more stable.

In this difficult market situation the Board have run into problems over their desire not to sell more butter than absolutely necessary into interveotion. To be forced to do so would be an ahsurd position for producers in a deficit area. Inevitably, we had to place some of our butter into iotervention, but our loog-term aim is to increase the market share of English packet butter sales, and we have made a number of decisions this year to achieve this end, inclnding the introduction of a new brand 'Long Boat', which we hope will take its place alongside 'Country Life' as a brand leader.



Sampling curd quality in Cheddar cheese production at a MMB creamery.

Creamery Capacity doubled

I come now to what I helieve is the most important commercial act the Board have ever made: the decision to buy from Unigate Limited their butter, skimmed milk powder and hard-pressed cheese manufacturing creameries. In all, the Board will acquire 16 factories, together with a large part of the transport bnsinesses attached to them. As a result of this decision the Board's own share of manufacturing milk supplies will donble, we shall become the largest mannfacturer of butter and skimmed milk powder in the country and the major producer of hard-pressed cheeses.

In taking this decisioo, the Board have been influenced hy a number of different considerations. With a much increased share of the manufacturing facilities for hutter and cheese the Board will be able to plan more effectively the development of the iodustry and, in so doing, use some of their newly built capacity in existiog factories more effectively. This will undoubtedly hring about economy in the industry as a whole, which is of great importance in the EEC situation where the producer price is dependeot on returns from the maoufacturing market.

In the marketing of onr dairy products we have been very conscious of the handicaps that we suffer from as a result of a fragmented industry. The marketing of dairy products is now dominated by big units. An Bord Bainne handles all supplies of Irish butter sold in our market and much of the cheese. The Danes have a highly organised selliog system. In the Netherlands, FRICO, the co-operative marketing organisation in Friesland has merged with DOMO, the priocipal co-operative in North Holland; in the south and east, DMV has announced a merger with COBERCO. In Fraoce the merger between ULN and Préval has created a mammoth group. The prospects for marketing British dairy products profitably are not good, unless we cao match the efficiency of our competitors.

These are the immediate beoefits to be gaioed from the acquisition of Unigate creameries. Others will accrue because the Board will have much more flexibility in allocating milk supplies; as a result we shall be ahle to implement more readily our policy for ensuring that milk is processed io plants situated in the best location and of the most efficient size.

We shall also control most of the reserves of milk required to service the liquid market in the trough period and will thus be in a better positioo to do this, if the financial mechanisms now used should become less effective.

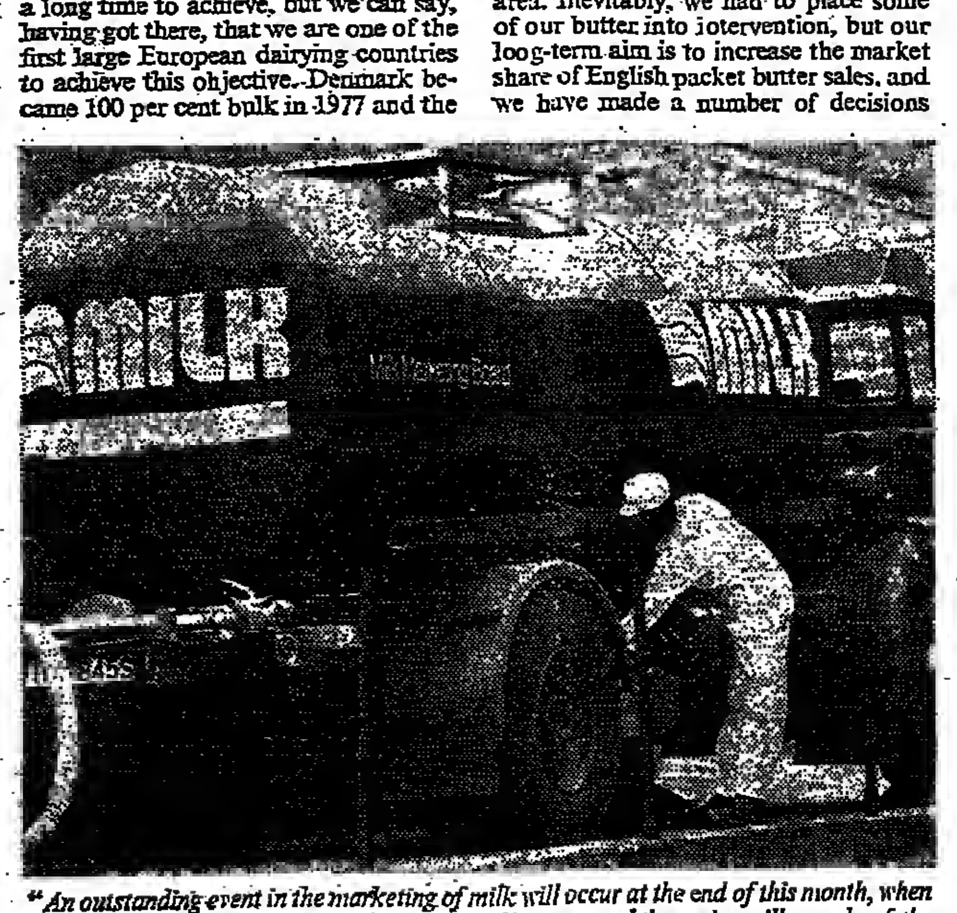
The Board also had to face the fact that Unigate has become less enthusiastic over financing the new capacity that we expect to need over the next few years to handle the growing volume of manufacturing milk. This is because they have found such investment to be less profitable than other ventures. Although this is indirectly a tribute to the effectiveness of the Board in negotiating manufacturing milk prices, it also means that the Board would in any event have been confronted with the responsibility of erecting more of the manufacturing capacity required in the years ahead. It will be easier and more efficient to do this from the enlarged base that we shall now have.

There are of course advantages for Unigate in this transaction. The company will be provided with considerable resources that it can deploy elsewhere in the organisation. This should enable it to strengthen its marketing activities and, in particular, to put more capital into the processing and distribution of liquid milk. Both will be of indirect benefit to the milk producer.

Inevitably, there is a price that producers must pay to acquire these assets. The whole deal is going to cost the Board around £90 millioo. Rather more than half of this will represent the cost of fixed assets, with tbe remainder covering stocks and work in progress.

Basically the purchase of fixed assets will be financed by a loan repayable hy the Board from the ploughed back profits of its existing and the newly acquired busioesses over the next few years. The remainiog part will he financed partly by short-term borrowings from the baoks and partly by the use of the revolving fuod which I described earlier.

This is, as I have said, by far tbe largest and most important commercial decisioo the Board have ever made. Obviously eoough, there was no possibility of widespread coosultation as there normally is with major decisions of the Board. The Board have had to take this decisioo oo their own. They believe and indeed are confident, in placiog their case before you, that the decision they have made, with all its widespread implications, is in the best interests of the future of our industry.



"An outstanding event in the marketing of milk will occur at the end of this month, when churn collection of milk from farms will finally cease and the entire milk supply of the country will be collected by bulk tanker".

The Agricultural Industry

At this meetiog last year I firmly drew atteotion to the value to the couotry of a strong and expanding dairy industry. I pointed out that there were import savings amountiog to between £200 aod £300 million a year to be had aod that unlike the position with North Sea oil our agriculture would, if properly supported, always be with us and always be a source of vital strength to our couotry.

I was delighted, therefore, to hear our new Minister of Agriculture, Mr Peter Walker, strongly putting forward the same philosophy in a recent speech outlining his agricultural policy. I was equally pleased that Sir Hector Laing, until recently President of the Food and Drink Industries Council, made the same point when opening the Royal Show.

Both the Minister and Sir Hector also spoke of the importance of tightening the links between producer, manufacturer and retailer of food and of reducing the friction between these complementary groups. This determination to work together with our partners in the dairy industry has always been Board policy and we are determined to cootinue our efforts to achieve a better understandiog with our customers, represented by the Dairy Trade Federation. Our interests are common and in the long run the success of each is, as Sir Hector said, dependent on the success of the other – and the consumer is perhaps the greatest beneficiary of all from a good working partnership between all sides of our industry.

The Board and our Staff

To finish this address with a kindly comment for those who have helped us in the year and particularly to our staff may be considered by some to be a formality. On this occasion my Board have asked me to say a special word of thanks to those who worked so hard last winter to move milk in very difficult and trying circumstances due both to the weather and the general cooditions of industrial unrest. In making this point, I believe I and the Board Members are expressiog the genuine feeling of tbe vast majority of milk producers in all areas of the country, who felt themselves well served both by their own staff and that of hauliers and private companies. To the rest of our staff I repeat my thanks for their part in a year of achievement in which I hope we shall be proud.

Finally, perhaps I may be allowed a very personal word. This has been a stimulating but tough year for me personally. I have looked to my Board Members and my Vice-Chairman, Mr Charles Wharton, and Managing Director, Mr James Morton, more than usual for help and advice. I thank them all most sincerely.

Fodens fails to improve and runs into loss

FOLLOWING a slump at mid-way from £1.29m to £98,000, Fodens, commercial vehicle manufacturer, announces a £562,000 deficit for the full year ended March 31, 1979, against a record £2.84m profit last time. Turnover was down slightly at £51.1m, compared with £52.8m.

The directors state that the main factors contributing to the poor results were a severe slow-down in exports to the Middle East, and a shortfall in sales of specialised vehicles before the company was ready with its new UK vehicle range designed to take advantage of a relatively buoyant home market.

Additionally, expectations of a second half improvement did not materialise because of the January transport strike, losses in South Africa—mainly due to exchange differences—and high interest rates.

During the current year new model introduction costs will still affect results for the first half, the directors say, but there should be an improvement for the full year.

Pre-tax loss for the period was incurred after higher interest of £1.35m (£984,000) and was subject to tax of £257,000 (£328,000).

Loss per 50p share is given as 3.6p (12.2p earnings) and the dividend is cut from 3.35p to 2.611p net.

The directors say the dividend recommendation is made because the high cost development work on introducing new UK vehicles, and particularly the company's own manufactured cab, is now virtually behind them.

Exports are still slow, and although military vehicle requirements are currently disappointing, the company is successfully filling the gap mainly with special vehicles for winter road maintenance.

The directors say the UK market is still buoyant and the new vehicle range is in great demand, with order books extending into 1980.

Production is moving steadily upwards, they add. And the new S10 cab, which was costly to introduce, is beginning to pay dividends.

● comment

Fodens figures give a sense of de ja vu. The p and l account is in the red, the immediate outlook is poor and yet the board remains confident that Fodens is going to come right. All it needs now is for a predator to ride over the horizon again. And that would not be surprising, for it looks as if Fodens is ready to swing out of the trough. The basic problems last year were that exports to the Middle East and central Africa had completely dried up and the last military contract was finished in late summer/early autumn leaving Fodens scrapping around for sales in the closing months. On top of that borrowings were running up and at the year end stood at £12m against shareholders' funds of £10.8m. Middle East sales are showing some signs of reviving but more importantly Fodens believes that its new range of trucks are ready to make a major advance in the UK market. Though there is the uncertainty of some fall off in the market and increased competition from the Continent (due to over-capacity there and the strong pound), Fodens is only looking to increase its UK share from 2½ to 5 or 6 per cent. If it manages to do so it could be in the black by the year end, but the company still needs an injection of capital. At 47p the yield of 8.4 per cent backs up an act of faith.

F. Tomkins falls in second half

SECOND half profits at F. H. Tomkins fell from £1.12m to £933,993 leaving the taxable surplus for the year ended April 30 1979 down at £1.65m against a previous £1.77m. Turnover was up from £15.7m to £17.9m.

At halfway profits had risen from £656,000 to £717,200 but the directors warned of continuing pressure on profit margins.

Tax for the year was lower at £530,287 compared with £831,237, and after minorities £5,250 (same) and an extraordinary debit £62,486 (nil), the available balance came through ahead at £1.05m against £836,618.

Stated earnings per 5p share are 4.415p (3.31p) and a final of 0.65p lifts the total dividend to 1.15p (0.9878p) net.

A continuing difficult market for both fastener manufacturing and bright drawn steel was aggravated in the fourth quarter, which is normally the best, the directors state, by supply and delivery problems arising from the national industrial unrest.

Hollis and ESA hit by strikes

AFTER higher interest of £1.28m against £1.02m, taxable profits of Hollis Bros. and E.S.A. finished the March 31, 1979, year behind at £1.36m against £1.54m previously. Turnover rose from £43.5m to £49.2m.

The directors explain that a major factor in the lower profit was the number of working days lost in the second half through strikes which affected trading in three months out of the six.

At midway profits were virtually unchanged at £1m (£1.03m), and the directors said they anticipated an improved result for the full period.

The dividend is stepped up to 4.6066p (4.4884p) net per 25p share with an unchanged final of 3.3086p.

The directors say the increased distribution reflects the confidence in the longer term view.

Pre-tax figure was subject to tax of £399,963 compared with a low £52,113. The attributable balance came through at £920,469 against £1.25m after extraordinary debits of £39,376 (£132,316).

● comment

Despite a slight downturn at the interim stage Hollis was forecasting higher full-year profits as late as January. In the event, the haulage strike and bottlenecks at the docks cost an estimated £350,000, producing a 32 per cent fall in second-half pre-tax profits. Some lost business has been recovered but the trading pattern so far this year has been patchy with delays to Soviet shipments causing headaches. Sterling's strength against the Swedish crown should, however, offset any short-term supply problems. Government spending cuts have cause a slight loss on the school stationery and teaching aid side but this is slowly being made up by export orders and the school furniture division is operating profitably. At 63p, the stated p/e is 5.9. The higher dividend is still covered more than twice and the yield is 12.2 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Castle Investment Trust, Glasgow Stockholders Trust, Lloyds Bank, Tyneside Investment Trust.

Finals—Common Market Trust, Initial Services, Lynton Holdings, Nova (Jersey) Knit, Provincial Cities Trust, Wallis Fashion.

FUTURE DATES

Interims—

Adamas and Gibbon	Aug. 9
Cardinal Investment Trust	July 26
City Offices	July 31
Foreign and Colonial Inv. Tst.	July 25
Vantage Secs.	July 24

Finals—

Arlington Motor	July 24
Bevan (D. F.)	July 26
London and Gartmore Inv. Tst.	Aug. 2
Preedy (Alfred)	July 25

COUNTRY AND NEW TOWN

More than 75 per cent of Country and New Town Properties 7 per cent convertible unsecured loan stock will have been converted by July 29. After that date the company, under trust deed, will require all outstanding stock to be converted.

Negretti & Zambra profits slide and dividend cut

A FURTHER fall in second half profits has left Negretti and Zambra with a taxable surplus well down at £106,642 for the year ended March 31, 1979, against £253,170 on turnover up from £9.39m to £11.28m.

And the dividend is nearly halved at 1.9269p (3.6333p) net.

Mr. Bob Ford, chairman, says whereas most of the group's business sectors showed an improvement, the industrial division at Aylesbury performed poorly, dominating trading profitability and adversely affecting cash flow which, with increasing interest rates, further eroded pre-tax profits.

Although there are several sectors in which the directors expect to see improved performance in 1979-80, short-term profitability will be dominated by the fortunes of this division, Mr. Ford says.

The actions which have been taken to improve its performance will take some months to become fully effective, and in spite of the group's strong order books, a loss at the half-year stage is expected.

The chairman says, however, that the second half will show a considerable improvement and that this trend will then continue into the early 1980s.

Stated earnings per 25p share have dropped to 3p (7.2p). The decision to pay a lower dividend is in the light of the earnings achieved and the need to conserve financial resources for the heavy investment programme, the chairman explains.

Mr. Ford says that because the industrial division was not making adequate progress a series of senior management changes have been made since March. And a product rationalisation programme was defined concentrating on the micro-processor based products, which, however, continued to achieve their forecast growth.

	1978-79	1977-78
	£	£
Sales	11,276,919	9,391,605
Trading profit	376,622	496,779
Interest payable	269,981	243,109
Profit before tax	106,642	253,170
Tax	8,852	91,105
Net profit	97,790	162,065
Extraord. debits*	64,248	53,371
Minority profit	22,213	11,293
Attributable	[illegible]	[illegible]
Dividend	96,874	97,844
Retained loss	40,919	‡19,497

* Reorganisation and redundancy costs of Willesden factory closure and reorganisation at Aylesbury. † Loss. ‡ Profit.

Negretti and Zambra (Aviation) finished the year with sales, profits and order books at record levels, he states. Sepkarn traded profitably in the second half, after a difficult start, and entered the current year with a much stronger order book.

Willesden Engineering Company turned in excellent results, the chairman says, while Microfilm showed little change.

● comment

Disgruntlement at Equity Capital for Industry over Negretti & Zambra's deal with the NEB last year may by now have given way to relief. The group's share price was at its lowest point of the year yesterday morning and dismal figures wiped off a further 14p, bringing it down to 45p. There is little doubt that the group has medium-term potential in the micro-processing field, but in the meantime stringent financial controls are required. Stocks have risen by 28 per cent to £4.2m and, although a rights issue has cut the loan capital, short-term borrowings are 15 per cent higher at £917,000. The £935,000 cash sale of a plant in Willesden will help bolster cash resources, but no real improvement is in sight this year. Order books are up by 44 per cent and micro-processor sales are expected to top £1m in the current year, but this must be reflected in earnings by 1981, when the NEB is expecting its first dividend. Meanwhile, the stated p/e of 14.3 already anticipates a significant upturn.

Scottish Homes

On turnover up from £3.5m to £4.18m, pre-tax profits of Scottish Homes Investment Company advanced to £488,429 for the year ended March 31, 1979, against a previous £360,920.

After the year's tax charge of £83,081, against £69,131, earnings per 25p share are given as 5.7p (4.03p) and the dividend is increased to 1.876p (1.5p) net with a 1.2p final.

The Association of Investment Trust Companies

INVESTMENT TRUSTS: net asset values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
	VALUATION MONTHLY			Pence except where £ stated (see note d)			
150.1	Alliance Trust	Ordinary 25p	29/6/79	8.0	278.9	287.0	7.8
84.2	Anglo-American Securities Corpn.	Ordinary 25p	29/6/79	3.5	128.4	134.1	3.0
125.6	British Investment Trust	Ordinary 25p	29/6/79	5.7	188.7	192.1	5.5
27.0	Capital & National Trust	Ord. & "B" Ord. 25p	30/6/79	*4.6	171.1	173.9	4.2
12.3	Claverhouse Investment Trust	Ordinary 50p	30/6/79	4.4	123.1	123.1	0.1
†	Crossfriars Trust	Ordinary 25p	29/6/79	†	†	†	†
16.4	Dundee & London Investment Trust	Ordinary 25p	29/6/79	2.6	88.7	90.3	1.4
‡97.5	Edinburgh Investment Trust	£1 Deferred	29/6/79	7.8	307.9	322.7	5.5
43.2	First Scottish American Trust	Ordinary 25p	29/6/79	3.15	120.2	123.2	3.5
12.8	Grange Trust	Ordinary 25p	29/6/79	3.4	113.2	117.3	1.7
71.4	Great Northern Investment Trust	Ordinary 25p	30/6/79	4.5	139.4	142.0	2.3
59.9	Guardian Investment Trust	Ordinary 25p	30/6/79	3.15	110.1	111.8	2.0
31.6	Hume Holdings	"A" & "B" Ord. 25p	30/6/79	*4.334	x95.4	x95.7	x0.6
77.8	Investors Capital Trust	Ordinary 25p	29/6/79	3.3	97.6	103.0	3.7
16.7	Jardine Japan Investment Trust	Ordinary 25p	30/6/79	1.0	141.1	141.1	21.0
35.9	London & Holyrood Trust	Ordinary 25p	30/6/79	4.2	155.3	159.9	4.3
34.5	London & Montrose Invest. Trust	Ordinary 25p	30/6/79	5.9	250.1	254.3	7.3
47.0	London & Provincial Trust	Ordinary 25p	30/6/79	3.95	145.8	148.5	4.3
115.4	Mercantile Investment Trust	Ordinary 25p	29/6/79	1.7	x58.1	62.3	0.9
	Do. Do.	Conv. Debs. 1983	29/6/79	£4.50	£88.10	£93.40	£1.40
24.1	North Atlantic Securities Corpn.	Ordinary 25p	29/6/79	3.07	118.3	121.1	3.2
51.4	Northern American Trust	Ordinary 25p	29/6/79	3.05	129.5	132.7	4.0
7.7	Save & Prosper Linked Invest. Trust	Capital Shares	29/6/79	—	162.4	162.4	—
‡126.9	Scottish Investment Trust	Ordinary 25p	29/6/79	3.0	129.2	133.2	3.2
60.5	Scottish Northern Investment Trust	Ordinary 25p	29/6/79	3.5	144.0	152.0	3.1
103.0	Scottish United Investors	Ordinary 25p	29/6/79	1.5	76.6	79.1	3.0
49.5	Second Alliance Trust	Ordinary 25p	29/6/79	6.3	238.1	246.0	6.8
3.8	Shires Investment Co.	Ordinary 50p	30/6/79	9.7336	151.9	151.9	—
42.0	Sterling Trust	Ordinary 25p	30/6/79	6.3	238.9	242.4	6.4
28.7	Technology Investment Trust	Ordinary 25p	29/6/79	3.1	143.0	144.2	3.8
†	United British Securities Trust	Ordinary 25p	30/6/79	†	†	†	†
22.0	United States & General Trust	Ordinary 25p	29/6/79	6.83	261.1	268.0	6.4
55.8	United States Debenture Corpn.	Ordinary 25p	29/6/79	4.05	117.4	121.8	3.2
	Do. Do.	Conv. Loan 1993	29/6/79	£5.00	£129.20	£134.00	£3.50
	Baillie Gifford & Co.						
121.8	Scottish Mortgage & Trust	Ordinary 25p	30/6/79	3.9	142.8	145.3	3.6
61.5	Monks Investment Trust	Ordinary 25p	30/6/79	1.85	65.8	66.5	1.4
16.4	Winterbottom Trust	Ordinary 25p	30/6/79	5.6	262.3	275.1	6.8
	Baring Bros. & Co. Ltd.						
42.9	Outwich Investment Trust	Ordinary 25p	12/7/79	1.9	73.7	77.2	1.4
22.1	Tribune Investment Trust	Ordinary 25p	30/6/79	1.8	87.5	87.6	3.0
	City Financial Administration Ltd.						
18.6	"Investing in Success" Equities	Ordinary 25p	12/6/79	3.35	235.3	236.0	10.4
	East of Scotland Invest. Managers						
45.4	Aberdeen Trust	Ordinary 25p	29/6/79	3.567	125.9	132.3	2.5
	Edinburgh Fund Managers Ltd.						
61.2	American Trust	Ord. & "B" Ord. 25p	29/6/79	*1.55	60.2	62.2	1.4
16.7	Crescent Japan Investment Trust	Ordinary 50p	30/6/79	1.3	174.8	174.8	8.9
13.7	General Scottish Trust	Ordinary 50p	30/6/79	4.0	119.5	121.9	2.1
	Do. Do.	Conv. Loan 1995/2000	30/6/79	£5.50	£151.80	£154.80	£2.70
8.5	Wemyss Investment Co.	Ordinary £1	30/6/79	12.5	379.3	379.3	8.5
	Electra Group Services Ltd.						
77.9	Electra Investment Trust	Ordinary 25p	29/6/79	5.8	152.5	152.5	2.3
286.6	Globe Investment Trust	Ordinary 25p	29/6/79	5.6	165.8	166.0	3.0
39.1	Temple Bar Investment Trust	Ordinary 25p	29/6/79	5.5	130.0	132.4	0.6
	F. & C. Group						
20.4	Alliance Investment Co.	Ordinary 25p	29/6/79	3.75	148.1	152.4	2.7
23.6	Cardinal Investment Co.	Ordinary 25p	29/6/79	3.4	124.8	128.4	2.4
	Do. Do.	Conv. Loan 1985/87	29/6/79	£6.00	£134.80	£138.10	£2.50
†	F. & C. Eurotrust	Ordinary 25p	29/6/79	†	†	†	†
189.8	Foreign & Colonial Invest. Trust	Ordinary 25p	29/6/79	2.2625	112.4	116.8	3.2
30.2	General Investors & Trustees	Ordinary 25p	29/6/79	4.5	155.7	159.9	2.7
	James Finlay Inv. Management Ltd.						
†	Provincial Cities Trust	Ordinary 25p	30/6/79	†	†	†	†
	Gartmore Investment Ltd.						
7.1	Altifund Ltd.	Income 50p	29/6/79	10.0	102.3	102.3	—
	Do. Do.	Capital 50p	29/6/79	0.5	288.6	288.6	1.3
26.2	Anglo-Scottish Investment Trust	Ordinary 25p	29/6/79	1.9	64.6	67.1	1.4
25.9	English & Scottish Investors	Ord. & "B" Ord. 25p	29/6/79	*2.65	108.1	113.6	1.3
9.6	Group Investors	Ordinary 25p	29/6/79	1.9	92.5	96.0	1.6
5.4	London & Gartmore Invest. Trust	Ordinary 50p	29/6/79	3.9	91.0	95.7	2.3
10.7	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	29/6/79	*2.0	70.4	72.7	1.8
24.1	London & Lomond Invest. Trust	Ordinary 25p	29/6/79	2.8	107.1	109.8	2.1
11.4	London & Strathclyde Trust	Ordinary 25p	29/6/79	1.8	61.7	65.6	1.7
13.9	Meldrum Investment Trust	Ordinary 25p	29/6/79	2.1	68.9	68.9	0.1
	Cartmore Investment (Scotland) Ltd.						
71.3	Scottish National Trust	Ordinary 25p	30/6/79	3.9	197.5	201.2	6.0
17.9	Glasgow Stockholders Trust	Ordinary 25p	30/6/79	2.85	141.3	145.2	4.7
	John Govett & Co. Ltd.						
84.2	Border & Southern Stckhldrs. Tst.	Ordinary 10p	29/6/79	1.7	81.5	83.0	2.2
15.5	General Stockholders Inv. Trust	Ordinary 12½p	29/6/79	2.3	151.2	162.4	5.9
‡16.6	Govett European Trust	Ordinary 25p	29/6/79	1.8	75.6	75.6	3.5
61.8	Lake View Investment Trust	Ordinary 25p	29/6/79	3.0	127.7	131.5	3.5
	Do. Do.	Conv. Loan 1973/98	29/6/79	£4.00	£170.30	£175.40	£4.60
	Stockholders Investment Trust	Ordinary 25p	29/6/79	2.35	139.8	134.5	4.3
	G.T. Management Ltd.						
‡62.8	Berry Trust	Ordinary 25p	29/6/79	1.0625	93.5	93.5	1.9
	Do. Do.	Conv. Loan 1993	29/6/79	£4.25	£135.60	£135.60	£2.70
‡118.2	G.T. Japan Investment Trust	Ordinary 25p	29/6/79	1.65	195.1	195.1	3.1
	Do. Do.	Conv. Loan 1987	29/6/79	£3.50	£120.90	£120.90	£1.90
18.7	Northern Securities Trust	Ordinary 25p	29/6/79	4.0	176.9	182.4	3.1
	Hambros Group						
7.8	Bishopsgate Trust	Ordinary 25p	29/6/79	6.95	277.3	287.2	4.4
4.9	City of Oxford Investment Trust	Ordinary 25p	29/6/79	3.55	106.8	110.2	—
‡50.0	Hambros Investment Trust	Ordinary 25p	29/6/79	4.1	147.7	157.7	2.5
‡6.8	Rosedimond Investment Trust	Cap. Shares 25p	29/6/79	—	133.0	133.0	0.3
	Henderson Administration Ltd.						
‡143.2	Witan Investment	Ord. & "B" Ord. 25p	29/6/79	*2.65	123.6	128.4	3.5
21.5	Electric & General Investment	Ordinary 25p	29/6/79	‡2.0	107.6	108.8	3.3
37.1	Greenfriar Investment	Ordinary 25p	29/6/79	1.65	132.9	132.9	3.4
17.3	Lowland Investment	Ordinary 25p	29/6/79	2.8	80.0	80.0	0.3
2.6	English National Investment	Prefd. Ord. 25p	29/6/79	2.5	37.9	38.9	—
	Do. Do.	Defd. Ord. 25p	29/8/79	3.18	78.6	80.8	—
	Philip Hill (Management) Ltd.						
21.7	City & International Trust	Ordinary 25p	30/6/79	4.7	140.0	144.8	2.0
11.8	General & Commercial Inv. Trust	Ordinary 25p	30/6/79	6.87	191.1	201.0	2.4
24.8	General Consolidated Inv. Trust	Ordinary 25p	30/6/79	4.25	171.8	174.3	1.5
136.6	Philip Hill Investment Trust	Ordinary 25p	30/6/79	9.15	249.0	252.8	2.2
6.2	Moorgate Investment Co.	Ordinary 25p	30/6/79	4.74	122.8	123.4	2.5
35.7	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	30/6/79	3.33	91.4	94.3	1.9
	Industrial & Commercial Fin. Corpn.						
11.9	London Atlantic Inv. Trust	Ordinary 25p	30/6/79	4.8	100.1	101.5	1.0
8.0	North British Canadian Inv. Co.	Ordinary 25p	30/6/79	3.3	118.2	118.2	0.2
	Ivory & Sime Limited			Pence except where £ stated (see note d)			
†	Atlantic Assets Trust	Ordinary 25p	29/6/79	†	†	†	†
106.8	British Assets Trust	Ordinary 25p	29/6/79	2.8	91.5	96.8	3.7
†	Edinburgh American Assets Trust	Ordinary 25p	29/6/79	†	†	†	†
16.3	Viking Resources Trust	Ordinary 25p	29/6/79	1.32	145.8	145.8	5.3
	Keyser Ullmann Ltd.						
12.2	Throgmorton Secured Growth Tst.	£1 Capital Loan Stock	30/6/79	—	184.2	184.2	—
51.2	Throgmorton Trust	Ordinary 25p	30/6/79	4.875	112.1	114.0	—
	Kleinwort Benson Ltd.						
28.8	British American & General Trust	Ordinary 25p	30/6/79	1.85	55.4	56.6	1.0
23.0	Brunner Investment Trust	Ordinary 25p	30/6/79	2.87	137.8	140.6	2.9
33.1	Charter Trust & Agency	Ordinary 25p	30/6/79	3.45	76.3	78.5	1.5
42.6	English & New York Trust	Ordinary 25p	30/6/79	3.0	102.4	103.9	2.2
5.4	Family Investment Trust	Ordinary 25p	30/6/79	4.6	122.2	122.2	0.2
3.4	Jos Holdings	Ordinary 25p	30/6/79	2.375	69.9	69.9	0.5
7.1	London Prudential Invest. Trust	Ordinary 25p	30/6/79	3.45	112.7	115.5	1.9
51.4	Merchants Trust	Ordinary 25p	30/6/79	3.0	95.4	98.8	2.5
	Lazard Bros. & Co. Ltd.						
‡50.2	Raeburn Investment Trust	Ordinary 25p	30/6/79	4.05	166.1	172.6	4.5
‡38.3	Romney Trust	Ordinary 25p	30/6/79	3.0	121.3	123.8	3.9
	Martin Currie & Co., C.A.						
11.4	Canadian & Foreign Invest. Trust	Ordinary 25p	30/6/79	4.2	151.2	155.1	3.8
†	St. Andrew Trust	Ordinary 25p	30/6/79	4.9	†	†	†
96.2	Scottish Eastern Investment Trust	Ordinary 25p	30/8/79	2.4	84.3	87.3	2.9
23.7	Scottish Ontario Invest. Co.	Ordinary 25p	30/6/79	2.4	83.1	84.5	2.9
55.3	Securities Trust of Scotland	Ordinary 25p	30/6/79	7.05	225.9	244.6	7.1
	Murray Johnstone Ltd.						
‡45.5	Caledonian Trust	Ord. & "B" Ord. 25p	30/6/79	*1.85	99.4	102.9	4.4
‡67.0	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	30/6/79	*1.9	94.5	97.3	4.1
16.5	Glendevon Investment Trust	Ord. & "B" Ord. 25p	30/6/79	*1.85	122.1	124.4	5.2
8.8	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	30/6/79	*1.95	101.3	101.3	3.7
‡75.1	Scottish Western Investment Co.	Ord. & "B" Ord. 25p	30/6/79	*1.7	78.9	82.3	3.4
‡25.1	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	30/6/79	*2.25	108.6	112.1	4.9
	Schroder Wagg Group						
21.6	Ashdown Investment Trust	Ordinary 25p	29/6/79	4.6	184.5	190.8	5.8
	Do. Do.	Conv. Loan 1988/93	29/6/79	£4.75	£129.20	£133.60	£4.10
6.6	Australian & International Trust	Ordinary 50p	29/6/79	3.0	109.3	109.3	6.0
‡29.2	Broadstone Investment Trust	Ordinary 20p	29/6/79	5.7	197.0	204.5	6.7
52.2	Continental & Industrial Trust	Ordinary 25p	29/6/79	7.2	278.9	288.7	4.2
29.2	Trans-Oceanic Trust	Ordinary 25p	29/8/79	5.6	228.7	234.3	8.4
13.4	Westpool Investment Trust	Ordinary 25p	29/6/79	3.8	140.2	143.4	4.6
	Do. Do.	Conv. Loan 1989/94	29/6/79	£5.00	£126.10	£129.10	£4.20
	Stewart Fund Managers Ltd.						
75.3	Scottish American Investment Co.	Ordinary 50p	30/8/79	2.95	118.1	117.7	2.3
13.8	Scottish European Investment Co.	Ordinary 25p	30/6/79	1.6	53.1	53.1	1.3
	Touche Remnant & Co.						
110.3	Atlas Electric & General Trust	Ordinary 25p	29/6/79	2.25	88.5	91.4	1.2
32.9	Bankers' Investment Trust	Ordinary 25p	29/6/79	2.87	77.9	82.7	1.3
32.4	Cedar Investment Trust	Ordinary 25p	29/6/79	2.75	92.1	94.5	1.3
45.2	City of London Brewery	Deferred 25p	29/6/79	2.76	87.1	91.3	0.3
30.4	Continental Union Trust	Ordinary 25p	29/8/79	4.25	161.3	166.8	3.3
16.1	C.L.R.P. Investment Trust	Ordinary 25p	29/6/79	2.1	98.3	100.6	1.5
187.6	Industrial & General Trust	Ordinary 25p	29/6/79	2.15	77.0	79.3	1.3
41.6	International Investment Trust	Ordinary 26p	29/6/79	2.94	105.5	110.9	1.3
55.2	Sphere Investment Trust	Ordinary 25p	29/6/79	4.0	163.8	168.2	3.1
70.3	Trustees Corporation	Ordinary 25p	29/6/79	4.85	212.8	218.3	2.5
38.2	Trust Union	Ordinary 25p	29/6/79	2.1	78.0	80.1	1.1
	Williams & Glyn's Bank Ltd.						
‡12.6	Sizewell European Invest. Trust	Ordinary 10p	30/6/79	1.8	96.3	96.3	2.0
2.7	Atlanta Baltimore & Chicago	Ordinary 10p	30/6/79	0.75	63.4	63.4	1.2
3.3	West Coast & Texas Regional	Ordinary 10p	30/6/79	1.1	77.9	77.9	2.1
	VALUATION THREE-MONTHLY						
2.4	Lancashire & London Inv. Trust	Ordinary 25p	30/6/79	2.0	60.4	60.4	—
8.8	Oil & Associated Investment Trust	Ordinary 25p	30/6/79	2.0955	84.9	85.9	2.3
	Do. Do.	Conv. Loan 1988/93	30/8/79	£6.25	£191.00	£193.30	£5.20
110.7	Rothschild Investment Trust	Ordinary 50p	29/6/79	9.0	344.0	350.2	2.7
13.1	Safeguard Industrial Investments	Ordinary 25p	29/6/79	4.0	111.9	113.5	—
11.4	Scottish & Mercantile Inv. Co.	Ord. & "A" Ord. 25p	29/6/79	3.36739	176.0	176.0	0.2
9.2	Scottish Cities Investment Trust	Ord. & "A" Ord. 25p	30/8/79	8.75	279.8	280.9	1.1
18.0	Yeoman Investment Trust	Ordinary 25p	30/6/79	8.625	264.5	268.7	2.2
	Do. Do.	Conv. Loan 1993	30/8/79	£4.50	£145.50	£147.80	£1.20
8.6	Young Companies Investment Trust	Ordinary £1	29/6/79	4.2	131.9	131.9	—
	East of Scotland Invest. Managers						
12.0	Dominion & General Trust	Ordinary 25p	31/5/79	8.5	261.0	270.6	13.8
31.3	Pentland Investment Trust	Ordinary 25p	31/5/79	4.55	168.2	172.7	9.3
	Rivermoor Mngt. Services Ltd.						
86.0	London Trust	Deferred 25p	29/6/79	ac4.75	ac149.5	ac153.1	ac2.4
	Do. Do.	Conv. Loan 1985/87	29/6/79	ac£6.00	ac£174.90	ac£179.10	ac£2.80

NOTE: The figures in this table do not take account of the relaxation of exchange controls on issues denominated in EEC currencies and changes in foreign currency loan regulations introduced with effect from 19th July 1979.

* Applies to Ordinary/"A" Ordinary only. † Company will announce year-end or interim results shortly. ‡ Change in the prior charges since the previous published figure. § Includes special dividend ac Adjusted for scrip issue. ar Adjusted for rights issue. x See note (h) below. ⊕ Not directly comparable with previous published figure. B Dependent on "B" share conversions.

(a) Cols. 1, 6, 7 Listed investments are valued at mid-market prices; unlisted at directors' valuation; both include 100 per cent of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100. Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks, is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

MINING NEWS

Western Deep features Anglo gold profits

BY KENNETH MARSTON, MINING EDITOR

MORE GOOD gold mining profits, this time from the mines in the Anglo American Corporation group bring to a close the South African quarterly reporting season.

As with the other mining groups, the Anglo profits have been boosted by an increase of about $20 per ounce in the gold prices received while unit costs have been well contained.

Group production does not appear to have been unduly affected by the technical officials' go-slow except in the case of Vaal Reefs which lost output of 250 kilogrammes worth some R800,000 in operating profit.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce)—

	Quarter ended June 30	Mar. 31
ERGO	R6,916 ($254)	R6,503 ($2[illegible])
Elandsrand	R7,126 ($262)	R6,733 ($24[illegible])
F.S. Geduld	R7,022 ($259)	R6,522 ($228)
F.S. Saaiplaas	R7,040 ($259)	R6,526 ($[illegible])
President Brand	R6,998 ($258)	R6,538 ($23[illegible])
President Steyn	R7,016 ($258)	R6,543 ([illegible])
S.A. Land	[illegible] ($253)	R6,606
Vaal Reefs	[illegible] ($259)	R6,512
Welkom	R7,028 ($259)	R6,538 ($238)
Western Deep	R6,956 ($256)	R6,578 ($241)
Western Hldgs.	R7,023 ($259)	R6,517 ($237)

The outstanding net profit increase of 59 per cent to R36.7m (£19.4m) in the past quarter has been achieved by Western Dep. A reduction in uranium revenue has ben far outweighed by the benefits of increased gold production, lower costs and a fall in the tax provision.

Western Deep also states that the extension to its uranium plant is now expected to e commissioned in the first quarter of 1980 instead of the beginning of 1981.

Now getting into its stride, the new Elandsrand gold mine has earned its first quarterly profit. However, planned production for 1979 has ben reduced to 800,000 tonnes grading 5.6 grammes gold, from 1m tonnes grading 6 grammes, because of shaft availability and the slower than expected build-up of the stoping rate.

A better performance has been achieved at the OFS mines' joint metallurgical scheme, increased production having resulted in a profit of R14.2m compared with R8.9m in the March quarter.

The East Rand Gold and Uranium (Ergo) dumps retreatment operation has also had a better quarter with production improving above target levels to its best so far. Ergo has paid East Daggafontein R25,000 for first refusal to purchase the latter's three slimes dams and is to evaluate them.

	June R000 qtr.	March R000 qtr.	Dec. R000 qtr.
East Dagga.	‡62	‡6	‡45
ERGO	8,621	8,027	3,512
Elansrand	408	*790	—
F.S. Geduld	24,537	21,312	21,492
F.S. Saaiplaas	7,448	4,873	*252
Pres. Brand	27,242	20,795	15,990
Pres. Steyn	16,610	11,276	7,040
S.A. Land	‡402	‡1,101	‡612
Vaal Reefs	39,897	36,303	48,129
Welkom	4,544	4,378	3,473
W. Deep	36,747	23,144	22,699
W. Holdings	16,256	13,904	11,743

* Loss. ‡ Net surplus includes sales of equipment following cessation of mining.

Apart from the veteran South African Land and Exploration, all the group mines report good increases in their June quarter net profits. In the case of President Brand, however, this has only ben achieved hy dint of a lower tax charga; the mine's gold surplus last quarter was checked by a fall in ore grade and a rise in costs.

Quarterly net profits of the group mines are compared in the following table.

The latest quarterly royalty payable by Vaal Reefs to Southvaal is unchanged at R13.7m because of increased capital expenditure. Vaal Reefs also announces that approval has been received for some 53 hectares of the north-eastern part of the mine's lease area to be mined hy Hartebeest; the latter will receive 61 per cent of earnings therefrom.

Latest dividends

Two of the Anglo group mines also announce sharply incressed interim dividends which are much in lina with expectations. Vaal Reefs is boosting its 1979 paymeot to 190 cents (100p) which compares with 100 cents a year ago and the subsequent 1978 final of 180 cents.

Western Deep's interim is lifted to 95 cents; last year a payment of 65 cents was followed by one of 82½ cents. After having returoed to the dividend list with a 25 cents payment in December, the veteran South African Land is paying a further 20 cents.

	June 1979 cents	Dec. 1978 cents	June 1978 cents	Dec. 1977 cents
East Dagga.	*nil	nil	*25	20
SA Lands	*20	25	*nil	nil
Vaal Reefs	*190	180	*100	80
Western Deep	*95	82½	*65	47½

* Interim.

Goldsworthy's longer life

THE joint venture partners at the Mount Goldsworthy iron ore operation in Western Australia oow expect the mine to continue working until sometime io 1982. It had previously been thought that payahle ore would he exhausted by 1981.

The added life expectancy of the mine provides some leeway in the search for new capital, presumahly from Japanese sources, to open up Area "C." For a number of years it has been hoped that Area "C" operations would follow oo directly the closure of the existing mine.

The Goldsworthy partners are led by Consolidated Gold Fields, which holds 46.6 per cent. Utah Development holds 33.3 per cent. MIM Holdings has 20 per cent.

Two main factors are behind the likely extensions of the mine's operations. The first is that annual shipments have been reduced to meet the lower demands of the Japanese steel mills. The second is that additional pockets of ore at the mine site have been uncovered.

The mine is generating a positive cash flow and is oot a drain on the purse of Gold Fields, which, over the years, has been depreciating its book value in the knowledge that it would have to be written off by 1979-80.

Meanwhile tha attempt to extract firm orders aod a financial commitmeot for the development of Area "C" from the Japanese steel mills contioues. The pace of the discussions seemed to quicken in the spring hut they have reached no firm conclusion.

MINING BRIEFS

CONZINC RIOTINTO MALAYSIA—Sri Timah dredge June production 87.26 tonnes. May 139.96 tonnes.

...SAINT PIRAN—June production of tin concentrates: United Kingdom (tonnes treated 14,989) 145 tonnes (70 per cent tin metal). Malaysia 14 tonnes (Kota Bahru dredge recommenced operating on June 2) Thailand 92 tonnes. May outputs, 204, nil and 78 tonnes respectively.

Strike threat averted

THE THREAT of a potentially damaging dispute on South Africa's gold and coal mines was averted yesterday when technical officials backed down from calling a strike ballot, reports Quentin Peel from Johannesburg.

A joint statement issued by the Chamber of Mines and the South African Technical Officials Association—represeoting 2,100 hoist drivers and reduction workers — said the two sides had agreed on the same 10 per cent pay rise on minimum rates accepted hy other officials' organisations.

The climbdown by the Association followed a hard-line stand hy the Chamber, which resulted in deadlock heing declared hy a conciliation board. The Chamber refused to go to arbitration.

Last month, a work-to-rule by tha officials in support of their clsim for a 16 per cent across the hoard caused production losses at several mines, including a loss of some R800,000 (£423,000) in profit at Vaal Reefs.

The settlement represents a further victory hy the Chamber in its tough response to union militancy, following the collapse of the white miners' stoppage earlier this year.

Denison lifts earnings

DENISON MINES, the hig Canadian uranium producer which has branched out into oil production and cement, bas reported a first-half net income of C$29.4m (£11.1m), or C$1.61 a share, against C$26m, or C$1.43 a share, in the 1978 first half, writes Robert Gibbens from Montreal.

The earnings per share figures take into account a four-for-one share split last February. Gross revenue was C$151.6m in the six months to June, compared with C$121.7m in the same period of 1978.

The company attributed its higher earnings to increased revenue from oil, gas and uranium. The discount on the Canadian dollar "had a beneficial effect on earnings," it said.

Jacques Borel cancels London listing

Jacques Borel International, the French hotel and catering company still struggliog to reduce its losses, has had its official London share listiog cancelled at its own request.

The Stock Exchange said the caocellation took effect yesterday. The latest quotation was £11½. Dealiogs will still be possible, however, under rule 163 (1e) which allows trading in securities quoted on foreign bourses.

Although no direct comment was forthcoming from Borel, which lost nearly FFr 90m (£21.4m) last year, it is helieved that the comoany felt the thin level of activity in its shares in the UK did not justify the expense involved in a continoed official listing.

The shares were introduced to the Londoo market in mid-1974 when the group was still thriving. M. Jacques Borel himself stepped down as chairman just over two years ago after mounting losses had tarnished the stock's one-time glamour status in Paris.

RESULTS AND ACCOUNTS IN BRIEF

BROWN AND TAWSE (steel and tube stockholder and engineer)—Results for year to March 31, 1979, reported June 15. Group fixed assets £10.93m (£6.99m), net current assets £12.07m (£10.15m). Net cash balances decreased by £0.26m (£2.19m increase). Chairman says prospects for sale and hire of hydraulic plant and equipment appear to be favourable. Group has considerable financial resources and strength is such that he feels confident in outcome for current year. Meeting, Dundee, August 8, at noon.

JOHN BROWN AND COMPANY (gas turbine, engineering) — Results for March 31, 1979 year end and prospects reported June 30 in full preliminary statement with balance sheet figures. On C.C.A. basis, pre-tax profits reduced to £22.77m (£19.54m) compared with historical £28.37m (£22.7[illegible]). Meeting: The Sanctuary, SW1, September 7, 12.30 pm.

CHAMBERLAIN PHIPPS—Results for year to March 31, 1979, already reported. Fixed assets, £7.66m (£5.55m). Net current assets, £5.97m (£5.12m). Meeting, Higham Ferrers, Northants., August 8 at 2.30 pm.

BRITISH TAR PRODUCTS — Results for year to March 31, 1979, already reported. Fixed assets, £5.95m (£4.1m). Current assets, £7.05m (£5.67m) and liabilities £5.02m (£3.1m) including secured bank overdraft, £1.67m (£25,000). Chairman is confident about current year. He is shortly to retire as chairman and will be succeeded by Mr. F. W. Buckley. Meeting, Cafe Royal, W, August 8 at noon.

JOHN EMSLEY (subsidiary of Illingworth Morris and Co.)—Profit £68,102 (£135,130) in year to March 31, 1979, before tax of £18,825 (£28,595).

SALTS (SALTAIRE) (subsidiary of Illingworth Morris and Co.)—Profit £23,000 (£33,000) in year to March 31, 1979, before tax credit of £120,000 (£196,000).

S. SCHNEIDERS AND SON (subsidiary of Illingworth Morris and Co.)—Profit £295,362 (£146,868 loss) in year to March 31, 1979, before tax of £48,630 (£4,291).

WINTERBOTHAM STRACHAN AND PLAYNE (subsidiary of Illingworth Morris and Co.)—Profit £1.42m (£1.64m) in year to March 31, 1979, before tax of £354,000 (£125,000).

WOOLCOMBERS (HOLDINGS) (subsidiary of Illingworth Morris and Co.)—Profit £1.44m (£1.71m) in year to March 31, 1979, before tax of £[illegible] (£[illegible]). Net dividend 7.8915p (6.8885p).

[illegible] STORES—Results for February 28, 1979 year already known. Fixed assets £4.12m (£4.09m), net current assets £449,319 (£492,475). Auditors say accounts do not comply with SSAP 12 in that no depreciation has been charged on freehold properties. They add that additional charge calculated by reference to value attributed to the buildings and their estimated future life in accordance with professional valuations would be [illegible]. Meeting, Burford Bridge Hotel, nr. Dorking, August 9, 3 pm.

TRANSPARENT PAPER—Results for year ended March 31, 1979, already reported. Group fixed assets, £5.57m (£5.18m). Net current assets, £2.[illegible]m (£2.62m). Chairman says group has experienced strong demand both at home and abroad, unprinted cellulose film especially. Meeting, Cafe Royal, July 24 at 12.30 pm.

CLIFFORD AND SNELL (electrical and electronic engineer)—Turnover for year to March 31, 1979 £2.03m (£1.8m). Profit £111,310 (£93,674) after tax of £126,2[illegible] (£105,6[illegible]). Earnings per 5p share 2.49p (1.94p). Final net dividend 0.[illegible]p making 0.7[illegible]p (0.625p).

PENTLAND INVESTMENT TRUST—Interim dividend 1.5p (same), net and final not less than 3.5p (3.05p) forecast. Earnings per 25p share 2.5p (2.15p). Net revenue £454,[illegible] (£393,6[illegible]) after tax—overseas £21,707 (£21,47[illegible]), corporation tax £[illegible] (£[illegible]) and imputed tax on franked income £18[illegible] (£[illegible]). Net asset value per 25p share 157.5p (156p at December 31, 1978).

SCOTTISH AMERICAN INVESTMENT COMPANY — Gross income £2.4m (£1.99m) for six months ended June 30, 1979. As known, interim dividend is 1p (0.9p) net. Net assets £84.89m (£82.65m) or 115.1p (112.1p) per share.

BIDS AND DEALS

Gough Bros. returns to trading surplus

Gough Brothers, the wine merchant which is the subject of an agreed—and already assured—bid from Scottish and Newcastle Breweries, is forecasting profits of around £320,000 after interest for the year to September.

Pre-tax profits could be boosted by a further £150,000 as a result of property sales, £78,000 of which have already taken place and are included in the interim profits for the six mooths to March of £241,000 pre tax.

News of Gough's return to trading profits in the first half, compared with the £31,000 loss in the eight months to the end of Sepiemher (transmuted into a mere £65,000 pre-tax profits through property sales) is contained in the offer document.

An interim dividend of 1p is promised, after 0.98p for the last period.

Mr. R. C. Gough, the chairman, recommends S and N's bid to shareholders on the grounds that increased competition, reduced margins and limited opportunities for expansion would make it difficult for the company to progress as an independent.

He and his fellow directors have already irrevocably voted their 39.8 per cent of the shares behind the bid and the S and N has bought a further 20.7 per cent stake on its own account.

The documents also reveal a £40m advance in the value of S and N's fixed assets to £242.6m, a £5m increase in net current assets to £33.2m and a £12.6m rise in net tangible assets attributable to ordinary shareholders to £233.7m.

JENKS & CATTELL

Armstrong Equipment's £1.5m bid for Jenks and Cattell, the Midlands manufacturer of metal pressings, steel washers and garden tools, has lapsed.

Armstrong received acceptances of 69,419 ordinary shares of Jenks and Catteell, which was not sufficient to make the offer unconditional.

Armstrong held 699,664 ordinary shares of Jenks and Cattell—31.8 per cent—before the offer was announced and has not purchased any since.

ASSOCIATE DEAL

Cazenove and Co., associate of Philips Electronics, has purchased 81,000 Pye Holdiogs ordinary at 167p.

W. LAWRENCE

A oew civil engineering comaoy, Walter Lawrence Civil Engineering, has been formed by Walter Lawrence, the coostruction, manufacturing and property group.

The new company has acquired offices at Bath. Initially it expects to carry out contracts within a radius of about 100 miles, but this, according to the group, will not preclude it from tendering for suitable work in other parts of the country.

BATH & PORTLAND SOUTH AFRICAN LINK APPROVED

Bath and Portland Group, profits of which slid sharply in the six months to April 30 as work ceased on its major Iranian road contract, has received approval from shareholders for its proposed South African link.

LTA, a South African construction company 60 per cent owned by Anglo-American, has subscribed for 800,000 new 25p shares in Bath and Portland at 75p a share—just over 5 per cent of the enlarged equity—and will be entitled to take up a minimum of £750,000 of shares each year until 1981. The shares closed yesterday at 45p ex dividend.

In return for the stake, LTA is guaranteeing a £3m bank loan facility for Bath and Portland, which intends to use the new funds for its non-contracting activities.

REDMAN/WELLMAN

Redman Heenan International has issued its formal offer document to shareholders of Wellman Engineering Corporation, as Wellman's chairman continued to reject the Redman offer and urged shareholders to take no action.

Redman is offering 65p per share cash for all Wellman shares it has not already acquired.

Mr. Angus Murray, Redman's chairman, explains that Redman had purchased 18.87 per cent in the past sepen months with a plew to the ultimate merger of the two companies.

Wellman announced in May 1979 that it had reached agreement with the Geeneral Electric Company of the U.S. to acquire the business and certain assets of its industrial heating department.

"It was apparent to Redman that this acquisition, if allowed to proceed, would fundamentally alter the Wellman Group," said Mr. Murray.

Redmao Heenan felt that Wellman shareholders should have the opportunity of "considering ao attractive offer from Redman as alternative to the GE acquisition proceding," added Mr. Murray.

The offer of 65p per share represents an exit price-earnings ratio of 11.7 on the tax charge stated in the Wellman accounts. That charge has been reduced by special factors: on a fully-taxed basis the price-earnings ratio is 14.8. If the extraordinary items arising during the year are taken into account the ratio is even higher. It also represents a premium of 17 per cent on Wellman's net tangible asset value on March 31 1979, includiog the surplus arising from the recent revaluation of freehold properties.

Wellman intends to write to shareholders giving details why the offer should be rejected.

WADHAM STRINGER/ R. J. BOWN

IN A £1.73m cash and shares deal, Wadham Stringer, the motor distribution and retailing company, is buying R. J. Bown, Ford main dealers in Pontypridd and Caerphilly, South Wales.

Wadham has already acquired 97 per cent of the shares and will purchase the balance as soon as possible, the total consideration comprising £886,946 cash and the cash and the issue of 1,924,541 Wadham ordinary 10p shares credited as fully paid.

Bown turned in pre-tax profits of £304,000 last year, despite the nine-week Ford strike, with sales totalling £8.6m; net asset value at December 31 was £1.65m.

This year, record profits are expected, with management accounts indicating profitable trading for the first six months. Wadham's acquisition was effective from January 1, 1979.

The new Wadham shares represent 5.76 per cent of its new enlarged share capital.

Ford Motor has indicated that, subject to formal approval, the franchises held by R. J. Bown will be continued.

S. HOFFNUNG

The acquisition by S. Hoffnung and Company of the capital of the privately owned Earp Woodcock, Beveridge and Co., sawmiller and retail timber and hardware merchant has now been completed.

The total consideration paid or payable is $A2,887,822. Net tangible assets as at June 30, 1978, was $A3,723,946.

NO PROBES

The following mergers are not to be referred to the Monopolies Commission: LCP Holdings/a minority interest in The Whitlock Corporatioo; Gateway Building Society/Sandy Building Society; and Harrisons and Crosfield/The chrome chemicals business of PPG Industries Inc.

Boots sales expansion

WORLD SALES of Boots Company, the pharmaceutical and retail chemist group, showed an increase of 14.5 per cent over the comparable period last year, Sir Gordon Hobday, the group chairman, told shareholders at yesterday's annual meeting.

"About one half of the increase is real growth," he said.

Although he had warned in his anuual statement that the present year would *not be* an easy one for the industrial division, sales for the first quarter were 5 per cent ahead of last year and 15 per cent ahead of budget.

Pharmaceutical sales in the UK were on budget and above last year. Exports were 12 per cent ahead of budget but at the end of the first quarter they were 6 per cent behind last year, principally due to problems with exports to certain African countries, mainly Nigeria.

Exports to Europe were 23 per cent ahead of last year and the group's exports to Japan were 46 per cent ahead, reflecting the launch of Froben into the mark[et].

The overseas subsidiaries ha[d] at their half year a sales increa[se] of 14 per cent before taking in[to] account the hardening [of] sterling, but after exchang[e] differences sales were approx[i]mately the same as last year.

Boots Farm Sales had a goo[d] sales result in the first quart[er] with an increase of 41 per ce[nt] over last year, due in part [to] the very late spring whi[ch] delayed business in the fin[al] quarter of last year.

In the retail division, sal[es] through the Boots and Timoth[y] Whites chains increased by [...] per cent in the first quarter [of] which nearly 8 per cent wa[s] real volume growth.

Sales in the early weeks wer[e] rather sluggish and were no[t] helped by the weather. But th[e] group was helped by a stimul[us] to retail sales brought about b[y] the announcement of higher VA[T] rates, and the retail divisio[n] finished the quarter with sale[s] just above budget.

International Paint makes slow start

At the annual meeting of International Paint, Mr. M. Woodhouse, the chairman, said the new year did not start well, but trading had since improved in many areas.

In Australia, the group, a subsidiary of Courtaulds, had suffered from a damaging paint industry strike and in Canada from a strike in the wallcoverings plant.

A major rise in raw material prices had put margins under pressure, but latterly, trading had improved in many areas and most of the overseas companies, whose years began on January 1 or earlier, were on or near their objectives.

It would be idle to ignore, however, that with rising oil prices, inflationary pressures would increase and trading conditions get more difficult, he added.

Century Oils Group—Mr. C. H. Mitchell said that trading during the first quarter of the current year, both at home and overseas, bore out his earlier statements regarding current trading and future prospects, in that a substantial increase was being achieved both in volume and value of sales.

Francis Parker—Mr. R. K. Francis said the trading companies' contribution to group profits in the first six months had achieved the set targets and indications for the second half of the year were looking ve[ry] good.

Order books of all its com[]panies were very full and, su[b]ject to sufficient labour bein[g] available, should ensure a goo[d] second half. However, the r[e]cent 2 per cent increase i[n] interest rates had meant th[at] there would be an adverse effe[ct] in the short-term.

Harrisons and Crosfield—M[r.] T. Prentice state that the effe[ct] of the Budget proposals on divi[]dend payments would be co[n]sidered at the time of th[e] interim. He said 1979 was expec[]ted to be another satisfacto[ry] year.

Operating income from grou[p] plantation interests and a num[]ber of trading operations, includ[]ing its businesses in Malaysia a[nd] chemical merchanting in Canada were ahead of last year, i[n] sterling terms at presen[t] exchange rates. The strength o[f] sterling if maintained until the [end of] 1979, would have some advers[e] affects on the conversion of over[]seas profits.

Its UK chemical manufacturing companies and some of its timber merchanting companies suffere[d] from the industrial problems a[t] the beginning of the year a[nd] had not yet fully made good a[ll] the business then lost—recen[t] performance in both divisions was encouraging.

Wintrust upsurge to £1.2m

TAXABLE profits of Wintrust, banker, surged 116 per cent, from £575,480 to £1.24m, in the year to March 31, 1979. This compares with the record £1.65m in 1973-74.

At midway, the surplus was 120 per cent higher at £579,965 (£261,045), and the directors said full-year profits would prove equally satisfactory.

They now say profitability in the first three months of the current year has been extremely satisfactory, underlining their confidence in the company's growth.

After tax for the year of £543,421 (£303,408), earnings per 20p share are shown to have risen by over 300 per cent to 10.6p (3.2p).

The net total dividend is effectively stepped up from 2.5502p to 2.9027p, with a 1.9404p final. A scrip issue of one new preference share for every eight ordinary shares is also proposed. The directors say this will effectively increase shareholders' income over the coming year by more than 50 per cent.

Some 37 per cent of deferred tax from capital allowances obtained from leasing business will be transferred to general reserve, the directors explain.

Amal. Estates turns in £116,065

Including gains on disposals of £316,708, Amalgamated Estates reports a pre-tax profit of £116,065 for the year to March 31, 1979. This compares with a £17,832 loss last time.

At the interim stage, when a downturn from a profit of £12,031 to a deficit of £68,255 was announced, the directors said they anticipated full year results would show a profit.

Before the gains on disposals the loss per 5p share was 1.26p (0.13p); after such gains there were earnings of 0.17p. Again there is no dividend.

Mr. Frank Phillips, managing director, says during the year the company continued its policy of concentrating on enlarging the property portfolio. Material growth has as a result been in net assets which is reflected in assets per share rising from 4.2p to 24.2p.

For the time being it is the Board's intention to maintain the concentration on asset growth through the steady expansion of the development and investment property portfolios and by a continued planned acquisition programme.

	1978-79 £	1977-78 £
Turnover	297,604	273,585
Loss on rental inc. less int., etc.*	199,643	17,832
Gains on disposals	315,708	—
Profit before tax	116,065	17,832†
Tax	796	96
Profit after tax	115,289	117,736
Minority profits	827	—
Attributable	114,472	117,738

* Mainly due to current refurbishment projects, and revaluation investments. † Loss. ‡ Credit.

Allnatt growth

PRE-TAX profits of Allnatt London Properties advanced from £3.47m to a record £4.24m in the year to March 31, 1979. At midway, the surplus was higher at £1.96m, against £1.52m.

Tax for the year took £2.05m (£1.55m). There are extraordinary credits of £753,869 (£96,811).

Stated earnings per 25p share are up from 9.81p to 11.69p. The net final dividend of 5.45p lifts the total to 6.45p (4.3p). A one-for-one scrip issue is also proposed.

Dividends totalling £355,652 (£165,350) have been waived.

Wigfall sees further improvement

A further improvement in profits is forecast this year at Henry Wigfall and Son, the Sheffield-based retail and rental television group.

Mr. Richard Morrell, managing director, tells holders in the report and accounts that in spite of the immediate problems in the economy, the current year will produce improved profits.

The increase in disposable incomes through tax reductions should create a stronger demand for the consumer durable products sold and rented by Wigfalls, and the company is well-placed to take its share of the increased sales potential.

In the short-term, however, the forewarning of the increase in VAT created an immediate upsurge in business which could distort normal trading patterns. In addition, costs continue to rise with the high level of interest rates on bank borrowings being a significant factor.

During period to March 31, 1979, group pre-tax profits rose by nearly 35 per cent to £1,852,000 and the year's dividend total was lifted, as forecast, from 7.5p to 13.5p per share.

Braham Millar well down

AS FORECAST at halfway, taxable profits of Braham Millar Group, mechanical engineer, were significantly lower in the year to March 31, 1979, with a decline from a record £1.09m to £452,441, on reduced turnover of £7.84m against £9.02m. First-half surplus had fallen from £510,899 to £213,842.

The directors explain that export and competition factors, common to the industry as a whole, were intensified during the second six months by the upheaval in Iran and political problems with other countries, such as Iraq and Nigeria.

These troubles frustrated contracts nearing completion although in the current year their prospects are improving and already some have been reinstated.

The group retains several other promising export markets and the home front shows continued recovery. Efforts are being made to step up activity and to extend product range, and the directors are looking for an improvement in results as the year progresses.

Earnings per 10p share slumped from 7.2p to 3p for the year, but the dividend total is effectively raised to 1.666p (1.46573p) net, with a final of 1.066p.

Net asset value per share is little changed at 52p compared with 51p.

Depreciation charge was £170,965 (£121,584). Tax took £74,278 (£186,178) and retained surplus emerged well down at £168,597 against £726,424.

TEBBITT SEES TURNROUND

The turnround in the fortunes of the Tebbitt Group would be apparent at the interim stage, Dr. H. Fletcher, chairman, said at the annual meeting. He expected the recovery to continue throughout 1979.

In the 1978 year, the tanner and leather manufacturer incurred taxable losses of £393,082 (£214,442).

Ingersoll-Rand profit downturn

After interest of £1.94m against £2.55m, profits before tax of the Ingersoll-Rand Company, fell from £1.78m to £871,422 in 1978. Again, there is no dividend.

Foreign tax takes £52,500 (£27,908) and there is a profit of £808,295 (nil) on the purchase of the 8 per cent unsecured loan stock.

During the year, £3.44m of the loan stock was bought in the market at this profit. As no UK tax will be payable in the foreseeable future, the board has decided to provide for deferred tax on profit for the year earned in the UK.

Group Gold Mining Companies

(All companies are incorporated in the Republic of South Africa)

Orange Free State

Reports of the directors for the quarter ended 30th June, 1979

FREE STATE GEDULD

Free State Geduld Mines Limited

ISSUED CAPITAL: 10 440 000 shares of 50 cents each

	Quarter ended June 1979	Quarter ended Mar. 1979	Nine months ended June 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	152	137	444
Tons milled 000's	789	784	2 346
Yield—g/t	12.57	12.02	12.28
Production—kg	9 918	9 420	28 799
Cost—R/ca mined	167.19	163.47	166.09
—R/ton milled	32.21	32.06	31.61
—R/kg produced	2 562	2 668	2 574
Joint Metallurgical Scheme (See summary)			
Slimes delivered			
Tons 000's	668	660	1 901
Yield			
gold—g/t	0.45	0.47	0.44
uranium—kg/t	0.09	0.10	0.09
sulphur—per cent	1.05	1.04	1.02
PRICE RECEIVED ON SALES			
Gold—R/kg	7 022	6 522	6 565
$/oz	259	236	239
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	69 289	61 932	199 473
—Costs	25 413	25 136	74 139
—Profit	43 876	36 696	125 335
Joint Metallurgical Scheme profit	1 040	351	1 205
Net sundry income	1 425	1 059	3 959
Profit before taxation and State's share of profit	46 341	38 106	120 499
Provision for taxation and State's share of profit	21 804	16 794	53 158
Profit after taxation and State's share of profit	24 537	21 312	67 341
Deduct:			
Appropriation and transfer:			
Capital expenditure (after taking account of consumer loans)			21 954
Loan levies—net			802
Dividend—interim			19 314
Retained profit for the nine months			25 271
Capital expenditure:			
—mine	11 447	10 966	32 621
—Joint Metallurgical Scheme	411	207	777
Loan levies—estimated	1 257	475	5 060
SHAFT SINKING			
No. 5 main shaft	metres	metres	metres
Advance	141.1	119.4	490.0
Depth to date	1 328.3	1 187.2	1 320.3
Station cutting	597.9	1 065.8	2 206.1
No. 5 ventilation shaft			
Advance	180.3	295.7	915.9
Depth to date	1 547.7	1 367.4	1 547.7
Station cutting	477.7	268.4	1 107.0

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 1	2 505	140	29.7	91.25	2 710	0.34	10.10
No. 2	3 574	232	14.4	80.14	1 154	0.63	9.12
No. 3	3 419	280	23.9	20.84	498	0.48	11.38
No. 4	1 089	234	53.2	120.56	6 414	0.44	23.53
No. 7	1 757	78	29.6	17.84	528	0.42	12.35
No. 8	2 292	32	27.1	11.61	320	0.26	7.14
Phillipot No. 414 tribute area	246	40	32.9	22.90	751	0.50	16.53
Quarter ended June 1979	14 882	1 044	30.6	76.33	2 290	0.45	13.56
Quarter ended March 1979	12 653	1 106	32.1	85.67	2 730	0.45	14.31
Nine months ended June 1979	40 970	3 390	31.5	76.73	2 417	0.44	13.81
Leader reef							
No. 1	113	4	260.0	1.93	157	0.07	17.09
No. 2	[illegible]	50	109.5	[illegible]	[illegible]	0.41	41.19
No. 9	216	8	116.8	[illegible]	[illegible]	0.05	6.05
Quarter ended June 1979	331	62	113.0	8.28	936	0.31	35.07
Quarter ended March 1979	279	32	121.3	33.62	716	1.62	34.47
Nine months ended June 1979	754	146	98.9	7.87	776	0.37	36.44
Kimberley reef							
No. 7	696	304	131.4	4.15	546	0.04	5.60
No. 5	339	20	210.0	0.09	20	0.02	3.44
Quarter ended June 1979	1 035	324	136.7	3.75	513	0.04	5.47
Quarter ended March 1979	655	196	151.7	6.39	970	0.03	4.13
Nine months ended June 1979	2 634	750	147.1	4.28	630	0.03	5.06
"B" reef							
No. 5	27						
Quarter ended June 1979	68	66	185.5	1.21	224	0.02	3.15
Nine months ended June 1979	126	100	204.6	0.96	195	0.02	3.24

DIVIDEND

The interim dividend of 185 cents a share in respect of the year ending September 30 1979 was declared on April 19 1979 payable to members registered on May 4 1979 and was paid on June 8 1979.

CAPITAL EXPENDITURE

Orders placed and outstanding on capital contracts as at June 30 1979 totalled R15 739 000 of which R1 120 000 was in respect of the metallurgical complex.

For and on behalf of the board
G. LANGTON, G. S. YOUNG — Directors

July 20 1979

PRESIDENT STEYN

President Steyn Gold Mining Company Limited
and its wholly-owned subsidiary, Video Mining Company Limited

ISSUED CAPITAL: 14 566 400 shares of 50 cents each

	Quarter ended June 1979	Quarter ended Mar. 1979	Nine months ended June 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	174	170	506
Tons milled 000's	913	877	2 603
Yield—g/t	7.35	7.46	7.32
Production—kg	6 710	6 545	19 051
Cost—R/ca mined	142.80	145.79	145.25
—R/ton milled	27.22	28.26	28.23
—R/kg produced	3 705	3 787	3 658
Joint Metallurgical Scheme (See summary)			
Slimes delivered			
Tons 000's	1 347	1 697	4 681
Yield			
gold—g/t	0.70	0.51	0.55
uranium—kg/t	0.11	0.10	0.10
sulphur—per cent	0.84	0.91	0.69
PRICE RECEIVED ON SALES			
Gold—R/kg	7 016	6 548	6 556
—$/oz	258	239	239
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	48 503	43 635	127 460
—Costs	24 848	24 784	73 494
—Profit	23 655	16 851	53 966
Joint Metallurgical Scheme profit	2 575	646	2 985
Net sundry income	1 636	1 362	4 271
Profit before taxation and State's share of profit	27 866	21 059	61 222
Provision for taxation and State's share of profit	11 256	9 783	26 296
Profit after taxation and State's share of profit	16 610	11 276	34 926
Deduct:			
Appropriation and transfer:			
Capital expenditure (after taking account of consumer loans)			7 341
Loan levies—net			527
Dividend—interim			9 468
Retained profit for the nine months			17 590
Capital expenditure:			
—mine	7 893	3 587	14 084
—Joint Metallurgical Scheme	407	135	761
Loan levies—estimated	878	726	2 054
SHAFT SINKING			
No. 4 sub-vertical shaft system	metres	metres	metres
Advance	82.5	119.5	206.9
Depth to date	1 029.4	966.9	1 029.4
Station cutting	342.0	55.8	760.9

PRESIDENT STEYN—*Continued*

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 1	1 465	300	34.8	34.27	1 196	0.39	13.72
No. 2	1 739	330	41.8	43.20	1 810	0.59	24.54
No. 4	3 341	442	69.9	39.01	2 615	0.17	11.70
Video lease area	1 366	522	69.2	17.95	1 235	0.05	3.62
Quarter ended June 1979	7 910	1 602	56.9	30.40	1 720	0.21	12.15
Quarter ended March 1979	7 316	1 172	39.5	50.21	1 933	0.36	13.67
Nine months ended June 1979	22 696	3 642	46.3	36.41	1 756	0.27	12.97
Leader reef							
No. 1	765	424	190.1	3.43	618	0.19	32.61
No. 2	360	269	140.4	5.59	725	0.22	24.09
Video lease area	5	9	78.8	10.93	865	0.11	8.57
Quarter ended June 1979	1 120	700	152.2	4.35	662	0.19	29.07
Quarter ended March 1979	806	546	125.3	4.48	561	0.21	26.36
Nine months ended June 1979	2 615	1 772	139.4	4.69	649	0.22	31.09
"A" reef							
No. 1	226	42	19.5	77.30	1 515	1.78	34.92
No. 2	287	206	70.7	21.67	1 532	0.39	27.74
Quarter ended June 1979	513	248	62.0	24.66	1 529	0.47	28.95
Quarter ended March 1979	211	190	135.5	6.38	865	0.20	26.45
Nine months ended June 1979	994	552	93.6	13.15	1 231	0.28	26.61
Area under tribute to and developed by President Brand (not included above) Basal reef							
Quarter ended June 1979	322	106	19.7	169.95	3 348	1.04	20.55
Quarter ended March 1979	443	60	12.3	248.94	3 062	1.84	22.62
Nine months ended June 1979	1 254	220	16.1	204.78	3 297	1.39	22.38

DIVIDEND

The interim dividend of 65 cents a share in respect of the year ending September 30 1979 was declared on April 19 1979 payable to members registered on May 4 1979 and was paid on June 8 1979.

CAPITAL EXPENDITURE

Orders placed and outstanding on capital contracts as at June 30 1979 totalled R7 741 000 of which R893 000 was in respect of the metallurgical complex.

For and on behalf of the board
O. A. ETHEREDGE, G. S. YOUNG — Directors

July 20 1979

WELKOM

Welkom Gold Mining Compa... ...d

ISSUED CAPITAL: 12 250 000 shares of 50 cents each

	Quarter ended June 1979	Quarter ended Mar. 1979	Nine months ended June 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	128	113	363
Tons milled 000's	552	543	1 620
Yield—g/t	5.82	5.83	5.86
Production—kg	3 212	3 168	9 496
Cost—R/ca mined	117.91	127.59	116.02
—R/ton milled	26.94	20.55	26.61
—R/kg produced	4 630	4 551	4 544
Joint Metallurgical Scheme (See summary)			
Slimes delivered			
Tons 000's	249	37	286
Yield			
gold—g/t	0.66	0.68	0.66
uranium—kg/t	0.20	0.21	0.20
sulphur—per cent	0.40	0.36	0.39
PRICE RECEIVED ON SALES			
Gold—R/kg	7 028	6 538	6 552
—$/oz	259	239	239
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	22 794	21 077	62 633
—Costs	14 870	14 416	43 103
—Profit	7 924	6 659	19 526
Joint Metallurgical Scheme (Profit)	420	25	445
Net sundry income	462	702	1 705
Profit before taxation and State's share of profit	6 006	7 386	21 679
Provision for taxation and State's share of profit	4 262	3 008	9 263
Profit after taxation and State's share of profit	4 544	4 378	12 395
Deduct:			
Appropriation:			
Capital expenditure (after taking account of consumer loans)			2 215
Dividend—interim			5 206
Retained profit for the nine months			4 974
Capital expenditure:			
—mine	1 298	747	2 515
—Joint Metallurgical Scheme	12	349	709
Loan levies—estimated	320	138	702

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 1	1 378	302	16.0	32.44	545	0.67	11.26
No. 2	1 007	296	24.9	32.53	910	0.54	13.51
No. 3	697	36	10.2	72.16	730	1.00	10.25
Quarter ended June 1979	3 082	634	20.2	33.61	679	0.61	12.25
Quarter ended March 1979	2 862	450	22.5	47.96	1 079	0.51	11.38
Nine months ended June 1979	0 917	1 426	18.3	44.32	611	0.61	11.22
"6" reef							
No. 1	110	112	92.4	7.45	155	0.05	5.11
No. 2	86	62	138.1	0.26	36	0.03	3.86
Quarter ended	278	215	123.8	1.21	150	0.04	4.63
Leader reef							
No. 1	205	102	77.0	3.32	256	0.24	18.21
No. 3	396	294	142.2	4.80	683	0.26	37.24
Quarter ended June 1979	803	396	125.4	4.11	516	0.26	32.51
Quarter ended March 1979	592	444	131.1	2.91	382	0.17	22.09
Nine months ended June 1979	1 881	1 084	127.2	3.61	459	0.21	26.28
"B" reef No. 2							
Quarter ended June 1979	139	72	156.7	0.96	151	0.29	45.86
Quarter ended March 1979	212	148	121.1	1.30	182	0.41	49.98
Nine months ended June 1979	563	406	113.0	1.25	141	0.35	39.39

DIVIDEND

The interim dividend of 42.5 cents a share in respect of the year ending September 30 1979 was declared on April 19 1979 payable to members registered on May 4 1979 and was paid on June 8 1979.

CAPITAL EXPENDITURE

Orders placed and outstanding on capital contracts as at June 30 1979 totalled R1 020 000 of which R97 000 was in respect of the metallurgical complex.

For and on behalf of the board
G. Y. NISBET, G. S. YOUNG — Directors

July 20 1979

JOINT METALLURGICAL SCHEME

SUMMARY

	Quarter ended June 1979	Quarter ended Mar. 1979	Nine months ended June 1979
(i) Pyrite flotation plants—slimes treated—tons	4 526 000	4 435 000	13 136 000
(ii) Uranium plant—slimes treated—tons	715 000	674 000	1 946 000
concentrate treated—tons	107 000	109 000	309 000
uranium oxide produced—kg	176 770	157 705	533 420
(iii) Acid plant—acid produced—tons	81 703	73 557	226 983
(iv) Gold plant—calcine treated—tons	55 690	[illegible]	[illegible]
gold produced—kg	[illegible]	[illegible]	[illegible]
(v) Profit—estimated	R14 157 000	R8 932 000	R24 174 000

PRESIDENT BRAND

President Brand Gold Mining Company Limited.

ISSUED CAPITAL: 14 040 000 units of stock of 50 cents each

	Quarter ended June 1979	Quarter ended Mar. 1979	Nine months ended June 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	154	143	451
*Tons milled 000's	807	802	2 370
Yield—g/t	9.29	9.76	9.56
Production—kg	7 495	7 628	22 647
Cost—R/ca mined	149.61	152.14	147.56
—R/ton milled	28.59	29.08	29.06
—R/kg produced	3 079	2 876	2 959
Joint Metallurgical Scheme (See summary)			
Slimes delivered			
Tons 000's	768	408	1 596
Yield			
gold—g/t	0.39	0.37	0.38
uranium—kg/t	0.08	0.08	0.09
sulphur—per cent	0.98	1.14	1.07
PRICE RECEIVED ON SALES			
Gold—R/kg	6 998	6 538	6 544
—$/oz	258	239	239
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	51 389	51 182	147 572
—Costs	23 071	22 517	66 551
—Profit	20 816	29 665	81 021
Joint Metallurgical Scheme profit	2 723	2 637	7 739
Net sundry expenditure	764	378	3 411
Profit before taxation and State's share of profit	30 777	30 924	67 345
Provision for taxation and State's share of profit	3 035	10 129	22 822
Profit after taxation and State's share of profit	27 742	20 795	64 527
Deduct:			
Appropriation and transfer:			
Capital expenditure (after taking account of consumer loans)			19 492
Loans levies—net			(344)
Dividend—interim			16 146
Retained profit for the nine months			29 233
Capital expenditure:			
—mine	4 713	3 725	11 037
—Joint Metallurgical Scheme	15 117	9 971	33 731
Loan levies—estimated	245	439	1 795
CONSOLIDATED PROFIT			
Consolidated profit after taxation and State's share of profit of the company and its subsidiary, Free State Saaiplaas Gold Mining Company Limited—after allowing for minority shareholders' interest	31 469	23 293	70 616
* Includes tonnage treated on cost plus service charge basis by Free State Saaiplaas	59 100	120 500	291 700

The treatment of ore by Free State Saaiplaas on behalf of President Brand ceased on May 28 1979. The 45 000 tons a month extension to the President Brand gold plant was completed in May 1979.

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 1	237	12	12.0	950.67	11 400	3.50	42.02
No. 2	3 092	312	38.4	46.90	1 004	0.23	8.75
No. 3	1 136	120	11.0	156.00	1 716	1.86	20.39
No. 4	3 567	416	148.3	19.83	2 956	0.04	6.63
Quarter ended June 1979	9 032	860	87.4	28.41	2 483	0.11	9.81
Quarter ended March 1979	7 461	802	95.9	18.35	1 760	0.10	9.64
Nine months ended June 1979	23 527	2 284	91.5	22.42	2 051	0.11	9.67
Leader reef							
No. 1	900	274	126.8	6.61	863	0.17	21.62
No. 3	1 394	424	123.1	5.43	668	0.25	31.16
Quarter ended June 1979	2 294	696	124.5	5.98	744	0.22	27.41
Quarter ended March 1979	1 980	850	120.3	5.35	666	0.26	31.23
Nine months ended June 1979	5 467	2 316	121.9	5.69	694	0.24	29.85
In addition, area under tribute from President Steyn Basal reef							
Quarter ended June 1979	322	106	19.7	169.95	3 348	1.04	20.53
Quarter ended March 1979	443	60	12.3	248.94	3 062	1.84	22.62
Nine months ended June 1979	1 254	220	16.1	204.79	3 297	1.39	22.30

DIVIDEND

The interim dividend of 115 cents a unit of stock in respect of the year ending September 30 1979 was declared on April 19 1979 payable to members registered on May 4 1979 and was paid on June 8 1979.

CAPITAL EXPENDITURE

Orders placed and outstanding on capital contracts as at June 30 1979 totalled R38 195 000 of which R32 838 000 was in respect of the metallurgical complex.

For and on behalf of the board
O. A. ETHEREDGE, G. S. YOUNG — Directors

July 20 1979

FREE STATE SAAIPLAAS

Free State Saaiplaas Gold Mining Company Limited

ISSUED CAPITAL: 28 100 000 shares of R1 each

	Quarter ended June 1979	Quarter ended Mar. 1979	Nine months ended June 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	68	68	185
Tons milled 000's	324	316	946
Yield—g/t	3.37	3.37	3.45
Production—kg	1 099	1 064	3 260
Cost—R/ca mined	112.78	131.71	120.05
—R/ton milled	23.67	28.29	23.48
—R/kg produced	6 976	6 919	6 913
Joint Metallurgical Scheme (See summary)			
Slimes delivered			
Tons 000's	466	635	1 654
Yield			
gold—g/t	0.37	0.38	0.37
uranium—kg/t	0.24	0.24	0.24
sulphur—per cent	0.73	0.74	0.74
PRICE RECEIVED ON SALES			
Gold—R/kg	7 060	6 526	6 556
—$/oz	259	239	238
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	7 868	7 014	21 469
—Costs	7 669	7 376	22 209
—Profit (Loss)	199	(362)	(740)
Joint Metallurgical Scheme profit	6 879	4 797	11 532
Net sundry income	370	538	1 577
Profit before taxation and State's share of profit	7 448	4 973	12 169
Provision for taxation and State's share of profit	—	—	—
Profit after taxation and State's share of profit	7 448	4 973	12 169
Capital expenditure			
—mine	9 304	6 619	20 670
—Joint Metallurgical Scheme	16	28	77
Tonnage treated for President Brand on a cost plus service charge basis	59 100	120 500	291 700

The treatment of ore on behalf of President Brand ceased on May 28 1979.

SHAFT SINKING No. 3 Shaft	metres	metres	metres
Advance	[illegible]	69.3	180.7
Final depth	2 264.2	2 284.2	2 264.2
Station cutting	382.7	610.0	1 631.6

FREE STATE SAAIPLAAS—*Continued*

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 2	1 231	116	104.4	4.23	442	0.13	13.25
No. 3	940	154	123.9	0.85	105	0.08	10.56
Quarter ended June 1979	2 171	270	115.3	4.61	545	0.10	11.73
Quarter ended March 1979	1 620	106	116.5	6.71	782	0.22	25.61
Nine months ended June 1979	6 494	686	113.6	7.02	796	0.25	29.55
Leader reef No. 2							
Quarter ended June 1979	779	144	118.3	1.07	219	0.11	12.86
Quarter ended March 1979	624	66	130.0	3.05	396	0.16	20.79
Nine months ended June 1979	1 985	306	119.2	2.99	340	0.15	17.26
"A" reef No. 3							
Quarter ended June 1979	49	14	102.0	1.79	183	0.04	4.48
Quarter ended March 1979	Nil	—	—	—	—	—	—
Nine months ended June 1979	49	14	102.0	1.79	183	0.04	4.48
"B" reef No. 2							
Quarter ended June 1979	88	56	149.2	0.14	21	0.02	2.81
Quarter ended March 1979	31	26	62.5	0.38	30	0.03	2.51
Nine months ended June 1979	123	94	127.8	0.19	24	0.02	2.72

CAPITAL EXPENDITURE

Orders placed and outstanding on capital contracts as at June 30 1979 totalled R26 372 000 of which R25 000 was in respect of the metallurgical complex.

For and on behalf of the board
O. A. ETHEREDGE, G. S. YOUNG — Directors

July 20 1979

WESTERN HOLDINGS

Western Holdings Limited

ISSUED CAPITAL: 7 496 376 shares of 50 cents each

	Quarter ended June 1979	Quarter ended Mar. 1979	Nine months ended June 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	158	150	464
Tons milled 000's	790	794	2 324
Yield—g/t	10.44	9.24	9.93
Production—kg	0 247	7 337	23 071
Cost—R/ca mined	125.10	130.29	124.92
—R/ton milled	25.02	24.61	24.94
—R/kg produced	2 397	2 664	2 512
Joint Metallurgical Scheme (See summary)			
Slimes delivered			
Tons 000's	1 026	1 042	3 019
Yield			
gold—g/t	0.45	0.46	0.45
uranium—kg/t	0.09	0.10	0.09
sulphur—per cent	1.07	1.06	1.04
PRICE RECEIVED ON SALES			
Gold—R/kg	7 023	6 517	6 554
—$/oz	259	237	230
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	50 481	48 521	152 535
—Costs	19 766	19 543	57 964
—Profit	30 715	26 979	94 571
Joint Metallurgical Scheme profit	520	276	469
Net sundry income	1 624	2 105	5 472
Profit before taxation and State's share of profit	41 067	31 359	100 511
Provision for taxation and State's share of profit	24 011	17 455	58 609
Profit after taxation and State's share of profit	18 256	13 904	41 903
Deduct:			
Appropriation and transfer:			
Capital expenditure (after taking account of consumer loans)			4 503
Loan levies—net			691
Dividend—interim			20 240
Retained profit for the nine months			16 309
Capital expenditure:			
—mine	1 727	1 067	5 383
—Joint Metallurgical Scheme	931	913	1 844
Loan levies—estimated	1 399	565	3 330

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area Basal reef							
No. 1	1 569	256	22.3	194.66	4 341	0.47	10.41
No. 2	1 021	222	24.0	50.79	1 219	0.20	4.79
No. 3	2 423	336	39.5	23.57	931	0.14	5.63
No. 4	2 341	272	10.2	204.22	2 093	2.38	24.42
Quarter ended June 1979	7 974	1 070	24.8	04.40	2 093	0.46	11.34
Quarter ended March 1979	6 933	699	23.4	66.59	1 558	0.32	7.50
Nine months ended June 1979	22 579	2 732	26.4	72.99	1 927	0.36	9.00
Leader reef							
No. 1	253	108	204.0	3.49	711	0.19	31.30
No. 2	010	420	151.7	2.01	420	0.12	10.30
No. 3	131	52	176.6	2.04	360	0.07	11.70
No. 4	29	22	242.6	0.35	84	0.08	10.49
Quarter ended June 1979	1 231	688	170.8	2.00	486	0.12	21.10
Quarter ended March 1979	1 090	514	193.3	2.84	566	0.12	24.12
Nine months ended June 1979	3 463	1 610	185.0	2.83	923	0.13	23.22

DIVIDEND

The interim dividend of 270 cents a share in respect of the year ending September 30 1979 was declared on April 19 1979 payable to members registered on May 4 1979 and was paid on June 8 1979.

CAPITAL EXPENDITURE

Orders placed and outstanding on capital contracts as at June 30 1979 totalled R4 146 000 of which R670 000 was in respect of the metallurgical complex.

For and on behalf of the board
G. LANGTON, G. S. YOUNG — Directors

July 20 1979

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

GENERAL NOTES

1. PRODUCTION

   During the course of the "go-slow" by members of the South African Technical Officials' Association production losses were minimised by the rationalisation of underground material deliveries, by the cut-back of equipping and construction work, and the use of surface stockpiles.

2. DEVELOPMENT

   Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Transvaal Group's results appear on another page in this paper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries:

Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

NORTH AMERICAN NEWS

Leading chemical groups experience mixed fortunes

BY DAVID LASCELLES IN NEW YORK

THE MAJOR U.S. chemical companies yesterday reported mixed results for the second quarter, and several warned that the second half of the year will be slacker than the first.

Du Pont, the country's largest chemical concern, said net income was $232.8m or $1.59 per share, up 22 per cent from last year's $190.8m or $1.31. Sales rose from $2.73bn to $3.24bn.

Union Carbide, the second largest, reported earnings of $150.5m, or $2.30, up 41 per cent from $106.8m or $1.65 last year. Sales were up 16 per cent at $2.29bn. But Mr. William Sneath, chairman, said the level of return of 6.6 cents to the dollar was "still below management expectations," adding "we are anticipating some slowdown in general economic activity in the third quarter, and even further slowdown in the fourth."

At Monsanto, earnings declined by 27 per cent to $51.5m or $1.54 from $76.1m or $2.09 though sales rose by 29 per cent to $1.53bn. The company said foreign currency translation losses had wiped 29 cents off per share earnings.

Commenting on prospects, Monsanto said it was unlikely that "the strong pace of sales growth" experienced so far this year would be repeated.

W. R. Grace's income rose 11 per cent to $59m or $1.37, and sales increased 16 per cent to $1.3bn, mainly due to strength in specialty chemicals and the oil and gas operations. Agricultural chemicals and consumer operations were down slightly on last year.

Mr. Peter Grace, President, said: "While we do not anticipate improvement in the economic climate for the remainder of this year and possibly into early 1980, we nonetheless are confident that Grace's results will continue to be favourable over the period."

Films boost Warner's revenues

BY OUR FINANCIAL STAFF

A SUBSTANTIAL jump in film income and revenue is behind the 20 per cent increase in Warner Communications second quarter net earnings to $20.3m.

Operating income from filmed entertainment—including such recent box office hits as "Superman"—rose by 62 per cent. Theatrical revenues were substantially higher and film rentals set an industry record for any six month period.

Other divisions, which span publishing, distribution, cable communications and electronic games, also reported improved figures but the Recorded Music division had a tough time.

Music revenues were up by around 18 per cent—approximately half of the increase coming from the inclusion of Japanese revenues—but the operating income was down by 19 per cent.

The strength of the film revenues is in line with the U.S. industry as a whole, and adds weight to a U.S. Commerce Department prediction that box office receipts in 1979 will be approximately $4.78bn—16 per cent ahead of 1978's figure of $4.12bn.

Warner recently moved to strengthen its grip on film earnings with the announcement, earlier this month, of a motion picture production joint venture with Mr. Alan Ladd Jr—the former president of Twentieth Century Fox Film Corporation.

Mr. Ladd and his team had been responsible for a string of major box office successes, including "Star Wars" which sharply boosted Fox's profits.

The 20 per cent second quarter profit jump took net earnings for the six months to June 30 to $51m—last year the figure was $36.1m—on revenue of $821.6m against $597.9m.

Bunker Hunt in Australian deal

BY JOHN ROGERS IN SYDNEY

THE MAN considered by many to be the richest in the world, Mr. Nelson Bunker Hunt, yesterday paid A$5.25m (U.S.$5.92m) to buy 6,697 square kilometres of Australia's prime beef cattle country.

The seller was the former large Australian pastoral house, Marra Development, which has been liquidating its rural assets in an attempt to diversify away from the land. The deal involved three properties — Austral Downs, Kalmeta and Clonash—in Northern Queensland and the Northern Territory. None of the properties are connected. The purchase, which is believed to be the biggest ever recorded for a pastoral sale in Australia, is subject to the approval of the Foreign Investment Review Board.

The money will be used to finance the company's planned 30 cents Aust. return of capital before cancelling the remaining issued capital. This is being done to settle lengthy court battles between the Marra Board and a determined group of influential minority shareholders. Control of Marra has now moved to the stable of well-known Australian share raider, Mr. Ron Brierley's Industrial Equity.

Maryland Cup in bid talks with Kraft

By Our New York Staff

KRAFT, the leading U.S. food concern, is exploring a possible takeover of Maryland Cup, the country's largest manufacturer of single-use paper and plastic products for food and drinks.

The companies said "it would be premature to predict whether these discussions will lead to serious negotiations."

There was no indication of terms. However, Maryland Cup has 6.7m shares outstanding. These have recently been trading at around $26, giving the potential deal a value of at least $175m.

Kraft had sales of $5.7bn last year, and Maryland Cup $423m. There is an obvious logic to the link in that it would bring a major food processor and packager under one roof. However, the announcement came after the exchanges had closed, and there was no immediate market reaction.

Meanwhile, Kraft announced that net income for the first half year has risen from $93.3m to $104m, or from $3.33 to $3.51 a share. Sales of $3.12bn compared with $2.77bn last time.

In the second quarter, earnings increased from $45.4m to $51.9m, or from $1.62 to $1.85 a share on sales of $1.56bn against $1.38bn last time.

Good quarter at White Motor

By Our Financial Staff

NET INCOME of the heavy truck manufacturer White Motor for the second quarter moved ahead sharply from $3.2m or 37 cents a share to $6.25m or 73 cents a share, on sales up from $262.5m to $304m. The income figure is struck after a tax credit of $600,000 arising from the partial use of an operating loss carry-forward.

For the six months, White, which recently abandoned talks with MAN of West Germany about a link between the companies, recovered from a loss of $4.31m or 57 cents a share to a profit of $12.92m or $1.51 a share. The first half figures include a currency gain of $700,000 against a loss last time of $3.3m. The 1978 figures also included a special debit of $7.7m relating to the shutdown of a truck assembly plant.

First half sales reached $624.2m against $544m.

IBM requests

International Business Machines has formally asked Judge David Edelstein to withdraw from the bench in the Justice Department anti-trust case against IBM, AP-DJ reports from New York.

Bausch talks ended

Bausch and Lomb has announced that Cooper Laboratories approached it some time ago to discuss the possibility of Cooper merging with Bausch, reports Reuter from Rochester, NY. After preliminary talks with Cooper, Bausch said that it had no interest in continuing with further discussions.

Surging fuel costs curb growth at Trans World

BY JOHN WYLES IN NEW YORK

SURGING fuel costs at its Trans World Airlines subsidiary pegged Trans World Corporation's second quarter profits growth back to 18.8 per cent, despite traffic gains stemming from a strike at United Airlines and the grounding of the DC-10.

But other factors apart from fuel help to account for the more modest than expected increase in earnings. The corporation's tax bill was higher, up in the first half of the year from $5.2m to $11.9m, and it suffered foreign exchange losses of $2.9m after exchange losses of $2.8m in the first quarter.

The corporation's net income in the second quarter rose from $49.5m or $2.85 per share to $58.8m or $3.42 per share. Although TWA's operating income rose by 55 per cent from $38.9m to $60.1m, some analysts had expected an even more glittering performance from the airline as a consequence of the United Airlines strike in May and the DC-10 grounding from June 6 to July 13.

The airline's passenger miles grew by 25.2 per cent during the quarter, yielding a 24 per cent increase in operating revenues. But a $43.5m increase in the fuel bill boosted operating expenses by 22 per cent, cutting into the profit yielded by the increased traffic.

As a result, TWA's pre-tax income rose by 46 per cent to $53.7m from $36.7m. Hilton International, another Trans World subsidiary, secured a 15 per cent rise in pre-tax earnings from $13.5m to $15.5m, while Canteen Corporation contributed $6.6m compared with $4.9m.

Second quarter revenues for the corporation were $1.13bn compared with $939m, and revenues for the first six months rose from $1.7bn to $1.97bn.

The corporation's six-month earnings after a heavy first quarter loss were $11m against $11.9m last year. TWA's pre-tax loss in the first half was $1.2m compared with $8.7m.

Sharp reversal for Amdahl

BY OUR FINANCIAL STAFF

AMDAHL Corporation, the tenth largest computer supplier in the U.S., has turned in sharply lower second quarter profits. Mr. John C. Lewis, president of the company, said yesterday that new product announcements by International Business Machines, and customers' views of the computer market, had caused clients to delay decisions to acquire new computers, and in many cases to lease machines instead of buying them outright.

Net income for the second quarter fell from $11m or 68 cents a share to just $1.2m or 7 cents a share on sales down from $73.9m to $56.5m. Mr. Lewis said that the ratio of leases to sales in the period was the highest in its history, and he expects this high level to continue in the near future.

Mr. Lewis added that in spite of the unforeseen character of the market during the quarter, deliveries of Amdahl's 470 series of computers were higher than during the 1978 second quarter, although they were still below management's expectations.

He went on to say that the number of prospective customers for Amdahl systems is strong at present, and IBM's recently announced price increases should create more stability in the computer market during the remainder of 1979.

For the first half, Amdahl reported net income of $14.8m or 87 cents a share, compared with $20.6m or $1.23 a share. Sales for the six months rose from $137.7m to $144m.

Half-year loss at Kaiser Steel

BY OUR FINANCIAL STAFF

IN SHARP CONTRAST with other steelmakers in the U.S., a gloomy picture is presented by the second quarter results of Inland Steel and Kaiser Steel. Inland, the fifth largest steel concern in the country, reported net income of $49.15m, only slightly ahead of the $46.17m for the corresponding period, while Kaiser's loss increased significantly from $4.7m to $13.7m.

Kaiser's loss was struck before income tax credits of $8.3m compared with $2.3m last time, and excludes its interest in the earnings of the 28.3 per cent-owned Hamersley Holdings of Australia, which has been on strike since May 25. Final figures for the period will be reported in early August.

Sales revenues for the quarter at Kaiser increased from $189.4m to $235.6m. Raw steel production rose to 714,000 tons against 603,000, and steel shipments increased from 409,000 to 455,000.

These results lifted the loss for the first half from $9.1m to $9.8m, after tax credits of $12m against $9.1m last time. Revenues for the six months advanced from $363.4m to $471m.

Kaiser's president, Mr. Mark T. Anthony, said that although steelmaking revenues and volume were both substantially higher in the quarter, the rise in shipments and higher prices were not sufficient to offset the significant increases in operating costs and the start-up costs associated with the company's modernisation programme.

Fully diluted earnings per share at Inland Steel, the country's most consistently profitable steelmaker in recent years, edged up from $2.17 to $2.30, on sales higher at $956.2m against $837.5m.

Inland said that while sales for both the quarter and the first six months reached record levels, escalating costs associated with energy, materials and services prevented earnings from keeping pace.

For the first half, Inland reported net income of $74.08m or $3.46 a share fully diluted against $70.35m or $3.31 a share. Sales for the period advanced from $1.59bn to $1.85bn.

Inland said that its order backlog remains considerably above normal, and steel operations are expected to continue at near capacity levels during the third quarter. Despite the lacklustre start to the year, the company expects that full year results will compare favourably with last year's record performance.

Seaboard to merge with Tiger

BY OUR FINANCIAL STAFF

TIGER INTERNATIONAL has agreed in principle to merge with Seaboard World Airlines. The surprise announcement by Tiger, which follows bitter takeover moves earlier this year, said the merger will be submitted to the boards of the two companies within two weeks and that a special meeting of Seaboard's shareholders is expected to be held in September to vote on the transaction.

Seaboard's shareholders are to be offered $15.50 a share in cash. This values Seaboard at $95.6m. Tiger already holds 24 per cent of Seaboard's outstanding stock.

The proposed combination, which is subject to execution of a definitive agreement and approval by the Civil Aeronautics Board, is not expected to be consummated before the end of the year.

In January, Seaboard urged its shareholders to ignore a $12.30 share bid for 9.4 per cent of its stock from Tiger, the largest U.S. freight airline—Tiger then already owned 15.6 of Seaboard's shares.

It later filed suit temporarily barring Tiger from proceeding with the deal, arguing among other things that it was an attempt to acquire the shares at an unfairly low price.

Seaboard then held merger talks with other companies in a bid to thwart Tiger. These resulted in a bid by Flexi-Van Corporation of $18.25 a share, worth a total $112m.

Earlier this month, however, Flexi-Van withdrew its offer.

Eurodollar bond prices continue to weaken

By Francis Ghilès

THE CONTINUING weakness of the U.S. dollar and widespread fears of poor U.S. money supply figures led to further professional marking down of dollar bonds yesterday. Meanwhile, Deutsche Mark bonds posted further gains. In the sterling bond sector some investors decided to take profits and this pushed prices down by an average of ¼ of a point.

The choice of Deutsche Girozentrale to lead the latest foreign Deutsche Mark issue for the European Investment Bank caught a number of German banks by surprise. This particular bank is not very active as a lead manager of this type of bond and has never led a foreign DM issue for the EIB.

The DM 200m 10-year private placement it is arranging for the EIB includes a coupon of 7¾ per cent a price of par.

The yield to Deutsche Girozentrale on an annual yield to maturity basis is 7.75 per cent.

The $115m convertible Eurodollar bond for Union Bank of Switzerland (Panama) has been set with final terms which include a coupon of 5 per cent and pricing of par.

Lead manager UBS (Securities), has fixed the conversion premium at 2.49 per cent.

Each bond will be convertible into 15 non-voting bearer participation certificates of UBS from February 1, 1980 to maturity. The last paid price of the bearer certificates was SwFr 122. Market indications suggest that this issue has been well received.

Certificates of deposit reach record level

By Our Euromarkets Staff

THE AMOUNT of outstanding Eurodollar Certificates of Deposit (CDs) issued by banks in London rose to a record $30.28bn at June 30 compared with the previous record of $29.91bn a month earlier, and $22.02bn a year earlier, according to Bank of England statistics.

Turnover in the CD secondary market, as measured by the total just under $8bn in the latest five-week reporting period compared with $8.55bn in the previous four-week month.

CD inventories of secondary market dealers totalled $1.02bn compared with $924m previously.

Meanwhile, the central bank statistics showed that Eurocurrency or foreign currency deposits of London-based banks stood at the equivalent of $304.7bn by mid-June, up from $295.9bn a month earlier.

McDonnell bids for Microdata

By Our New York Staff

AIRCRAFT MANUFACTURER McDonnell Douglas reaffirmed its intention to diversify into the computer systems business yesterday by announcing a $73m takeover bid for the California-based Microdata.

McDonnell Douglas said that it is launching a $32a share tender offer for Microdata conditional on a majority of the company's shareholders accepting the offer and subject to the approval of the directors of both companies.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on July 19

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price. † Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

AIR PRODUCTS	1978 $	1978 $
Third quarter		
Revenue	307.2m	268.9m
Net profits	24.92m	19.98m
Net per share	0.88	0.71
Nine months		
Revenue	882.1m	784m
Net profits	71.35m	56.57m
Net per share	2.53	2.00

AMDAHL	1979 $	1978 $
Second quarter		
Revenue	56.5m	73.9m
Net profits	1.2m	11m
Net per share	0.07	0.68
Six months		
Revenue	144m	137.7m
Net profits	14.8m	20.6m
Net per share	0.87	1.23

AMERICAN CAN	1979 $	1978 $
Second quarter		
Revenue	1.14bn	980.4m
Net profits	35.4m	30.1m
Net per share	1.79	1.52
Six Months		
Revenue	2.18bn	1.86bn
Net profits	58m	49.8m
Net per share	2.92	2.50

AMERICAN HOME PRODUCTS	1979 $	1978 $
Second quarter		
Revenue	848.4m	764.6m
Net profits	89.86m	78.84m
Net per share	0.57	0.50
Six months		
Revenue	1.76bn	1.58bn
Net profits	190.73m	197.43m
Net per share	1.21	1.06

AMETEK	1979 $	1978 $
Second quarter		
Revenue	102.4m	82m
Net profits	6.38m	5.29m
Net per share	1.20	1.10
Six months		
Revenue	190.5m	154.8m
Net profits	11.65m	9.77m
Net per share	2.20	1.87

BECTON DICKINSON	1979 $	1978 $
Third quarter		
Revenue	206m	178.4m
Net profits	18.14m	13.42m
Net per share	0.78	0.65
Nine months		
Revenue	582.2m	511.8m
Net profits	45.46m	39.88m
Net per share	2.21	1.94

BLISS AND LAUGHLIN INDUSTRIES	1979 $	1978 $
Second quarter		
Revenue	74m	62.5m
Net profits	5.39m	3.67m
Net per share	0.94	0.64
Six months		
Revenue	147.8m	117.9m
Net profits	8.79m	6.27m
Net per share	1.53	1.08

BRISTOL-MYERS	1979 $	1978 $
Second quarter		
Revenue	659.2m	590m
Net profits	54.73m	48.81m
Net per share	0.83	0.74
Six months		
Revenue	1.31bn	1.18bn
Net profits	102.83m	90.19m
Net per share	1.55	1.37

BRUNSWICK CORPORATION	1979 $	1978 $
Second quarter		
Revenue	328.5m	294m
Net profits	16.42m	18.24m
Net per share	0.72	0.81
Six months		
Revenue	651.8m	548.6m
Net profits	32.57m	25.14m
Net per share	1.43	1.25

BURLINGTON INDUSTRIES	1978 $	1978 $
Second quarter		
Revenue	688.8m	814.4m
Net profits	21.3m	20.3m
Net per share	0.76	0.72
Six months		
Revenue	2bn	1.8bn
Net profits	58.1m	51.8m
Net per share	2.08	1.83

CARLISLE CORPORATION	1979 $	1979 $
Second quarter		
Revenue	81.2m	63.4m
Net profits	4.84m	3.49m
Net per share	1.06	0.78
Six months		
Revenue	158.7m	120.3m
Net profits	9.52m	6.23m
Net per share	2.09	1.40

CESSNA AIRCRAFT	1979 $	1978 $
Third quarter		
Revenue	257.3m	214.0m
Net profits	15.06m	11.04m
Net per share	0.85	0.64
Nine months		
Revenue	681.4m	549.0m
Net profits	38.05m	23.89m
Net per share	2.04	1.38

CONRAC	1979 $	1978 $
Second quarter		
Revenue	35.3m	30.2m
Net profits	1.20m	1.28m
Net per share	0.51	0.54
Six months		
Revenue	65.2m	58.8m
Net profits	2.30m	2.32m
Net per share	0.97	0.97

CONTINENTAL GROUP	1979 $	1978 $
Second quarter		
Revenue	1.11bn	1.02bn
Net profits	53.4m	55.9m
Net per share	1.53	1.62
Six months		
Revenue	2.15bn	1.94bn
Net profits	90.0m	90.1m
Net per share	2.56	2.28

CONTINENTAL TELEPHONE	1979 $	1978 $
Second quarter		
Revenue	283.6m	241.8m
Net profits	29.5m	24.78m
Net per share	0.56	0.49
Six months		
Revenue	544.1m	480.2m
Net profits	56.33m	47.09m
Net per share	1.06	0.94

DUN AND BRADSTREET	1979 $	1978 $
Second quarter		
Revenue	234.6m	190.5m
Net profits	25.4m	18.6m
Net per share	0.91	0.67
Six months		
Revenue	443m	369m
Net profits	45m	34.3m
Net per share	1.61	1.23

EATON CORPORATION	1979 $	1978 $
Second quarter		
Revenue	872.9m	644.8m
Net profits	46.17m	38.06m
Net per share	2.66	2.19
Six months		
Revenue	1.73bn	1.22bn
Net profits	80.98m	68.82m
Net per share	5.24	3.95

ENGELHARD MINERALS AND CHEMICALS	1978 $	1978 $
Second quarter		
Revenue	3.84bn	2.13bn
Net profits	59.01m	30.11m
Net per share	1.78	0.92
Six months		
Revenue	6.66bn	3.7bn
Net profits	106.54m	55.31m
Net per share	3.21	1.68

W. W. GRAINGER	1979 $	1978 $
Second quarter		
Revenue	191m	157.8m
Net profits	13.39m	10.16m
Net per share	0.95	0.72
Six months		
Revenue	344.7m	279.6m
Net profits	22.61m	18.57m
Net per share	1.60	1.18

FIRST BOSTON CORPORATION	1979 $	1978 $
Second quarter		
Net profits	2.72m	2.68m
Net per share	0.60	0.82
Six months		
Net profits	6.59m	1.89m
Net per share	1.47	0.62

GAF CORPORATION	1979 $	1978 $
Second quarter		
Revenue	298.2m	279.4m
Net profits	4.71m	8.71m
Net per share	0.28	0.59
Six months		
Revenue	563.4m	609.2m
Net profits	9.89m	12.71m
Net per share	0.60	0.82

GENERAL SIGNAL	1979 $	1978 $
Second quarter		
Revenue	332.9m	253.5m
Net profits	20.5m	14.3m
Net per share	0.87	0.72
Six months		
Revenue	655.3m	494.1m
Net profits	39.1m	26.4m
Net per share	1.68	1.33

METROMEDIA	1979 $	1978 $
Second quarter		
Revenue	95.4m	85.1m
Net profits	10.53m	9.94m
Net per share	2.29	2.06
Six months		
Revenue	190.7m	165.7m
Net profits	17.41m	16.29m
Net per share	3.79	3.00

MOTOROLA	1979 $	1978 $
Second quarter		
Revenue	677.0m	551.0m
Net profits	48.4m	33.4m
Net per share	1.40	1.08
Six months		
Revenue	1.29bn	1.055bn
Net profits	79.5m	61.4m
Net per share	2.56	1.98

NATIONAL DISTILLERS AND CHEMICAL	1979 $	1978 $
Second quarter		
Revenue	516m	467m
Net profits	47.6m	28.1m
Net per share	1.44	0.80
Six months		
Revenue	1.1bn	889m
Net profits	79.6m	51.6m
Net per share	2.39	1.62

NEW ENGLAND ELECTRIC SYSTEM	1979 $	1978 $
Second quarter		
Revenue	202.4m	171.7m
Net profits	13.4m	11.6m
Net per share	0.63	0.55
Six months		
Revenue	421.5m	372.5m
Net profits	37m	29.3m
Net per share	1.75	1.40

NORTHWEST INDUSTRIES	1979 $	1978 $
Second quarter		
Revenue	639.5m	614.6m
Net profits	45.0m	39.2m
Net per share	1.47	1.27
Six months		
Revenue	1.23bn	1.14bn
Net profits	79.1m	68.7m
Net per share	2.57	2.22

PACCAR	1979 $	1978 $
Second quarter		
Revenue	473.1m	387.4m
Net profits	34.34m	18.32m
Net per share	4.17	2.35
Six months		
Revenue	935.5m	728.6m
Net profits	61.81m	41.62m
Net per share	7.50	5.05

PACIFIC GAS AND ELECTRICAL	1979 $	1978 $
Second quarter		
Revenue	948.3m	740.2m
Net profits	95.83m	69.14m
Net per share	0.94	0.70
Year		
Revenue	3.83bn	3.30bn
Net profits	379.6m	273.1m
Net per share	3.76	2.89

ROCKWELL INTERNATIONAL	1979 $	1978 $
Third quarter		
Revenue	1.59bn	1.38bn
Net profits	69.4m	52.5m
Net per share	1.94	1.50
Nine months		
Revenue	4.57bn	3.93bn
Net profits	199m	136.1m
Net per share	5.60	3.88

SEABOARD COAST LINE INDUSTRIES	1979 $	1978 $
Second quarter		
Revenue	545.3m	488.1m
Net profits	36.6m	31.7m
Net per share	2.50	2.17
Six months		
Revenue	1.1bn	923m
Net profits	56.5m	32.7m
Net per share	3.87	2.24

3M	1978 $	1978 $
Second quarter		
Revenue	1.35bn	1.17bn
Net profits	161.6m	143.1m
Net per share	1.38	1.23
Six months		
Revenue	2.65bn	2.25bn
Net profits	313.7m	262.4m
Net per share	2.68	2.26

R. J. REYNOLDS	1979 $	1978 $
Second quarter		
Revenue	2.25bn	1.72bn
Net profits	136.9m	111.8m
Net per share	2.61	2.28
Six months		
Revenue	4.22bn	3.3bn
Net profits	268.3m	206.8m
Net per share	5.18	4.22

UNION CAMP	1979 $	1978 $
Second quarter		
Revenue	350m	300.9m
Net profits	39.2m	30.9m
Net per share	1.61	1.27
Six months		
Revenue	674.2m	575.4m
Net profits	75.9m	58.2m
Net per share	3.12	2.40

WESTERN BANCORP	1979 $	1978 $
Second quarter		
Net profits	52.84m	41.36m
Net per share	[illegible]	[illegible]
Six months		
Net profits	104.48m	78.47m
Net per share	2.84	2.14

Conti-Gummi plans convertible loan

BY GUY HAWTIN IN FRANKFURT

WEST GERMANY'S largest tyre manufacturer Continental Gummi-Werke, is to raise at least part of the cash for its acquisition of Uniroyal's European tyre operations with a convertible loan issue. The terms of the projected loan, however, remain vague.

Earlier this month shareholders at Conti-Gummi's annual meeting approved a DM 41m increase in the group's current DM 270m ($149.6m) nominal capital. This increase has been earmarked for the convertible loan.

Terms of the issue have not yet been fixed although it seems clear that it will take the form of bonds with a face value of DM 100 each convertible into one Conti-Gummi DM 50 nominal share. The bonds will have a maturity of up to 12 years. Indications are that the annual coupon will be about 6 per cent and the earliest conversion date June 30, 1981.

Neither the Uniroyal nor the Conti-Gummi managements are yet prepared to comment on the issue price of the bonds. However, it seems that they are seeking to raise between DM 100m and DM 200m.

However, the management of Conti-Gummi have made it clear that they are not proposing subscription rights for the group's shareholders. Nor have they settled on the bank that will manage the issue. However, Deutsche Bank carried out a successful private placement recently for the group.

Conti-Gummi's management refused to give any indication as to where the rest of the money for the Uniroyal purchase was coming from. They added that there would be no problems in this area.

Indeed, there is still no information as to how much Conti-Gummi is paying Uniroyal for its tyre operations in Europe. Current estimates put the price at around $100m. Uniroyal is, however, to take a minority stake in Conti-Gummi following the take-over and participation in the convertible loan issue could be one way of doing this.

Conti-Gummi, which for the 1978 business year, passed its dividend for the seventh year in a row, is now operating in the black. Operating profits for the first half were "positive" both in the tyres sector and the technical rubber products sector, said the management.

Tyre sales were up 10 per cent compared with first half of 1978. Technical rubber products sales were up 4 per cent; and the parent's total turnover was up 7 per cent.

Top Conti-Gummi and Uniroyal officials confirmed that under the transaction the German rubber and tyre company will acquire four tyre-making plants in West Germany, Belgium, France and Britain as well as a tyre cord plant in Luxembourg and distribution operations. There were "good signs" that the transaction would find approval by the German Cartel Office and the European Commission.

Aerospatiale forecasts profits this year

By David White in Paris

THE STATE-RUN French aircraft manufacturer, Aerospatiale, has reported an 80 per cent reduction in its losses for last year, strengthening its hopes of breaking even from this year onwards.

The 1978 result, in line with earlier forecasts, showed a loss of FFr 85.6m ($20.4m) compared with FFr 447.4m in 1977, on sales of about FFr 10bn.

Aerospatiale, the French partner in Concorde and the European Airbus, has sustained losses for the past seven years running, totalling some FFr 2.5bn.

Last year's loss is attributable entirely to the group's aircraft division, all of Aerospatiale's other subsidiaries having made profits. For this year, the company has forecast that results will be in balance or slightly in the black.

Its tactical missiles division, one of its main profit-makers, had an order book of more than FFr 6bn at the end of the year compared with a turnover of FFr 2.6bn.

The ballistic and space systems division similarly showed orders worth more than twice the annual level of sales—FFr 4bn compared with FFr 1.8bn.

In the aircraft division, orders amounted to FFr 6.5bn at the end of 1978, including the company's share in the Airbus venture.

Arbed lifts production

LUXEMBOURG — Arbed reports a rise of 5.9 per cent in steel production in the first half of this year at its parent company. Production was put at 2.31m tonnes. Total group steel output in the six months went up by 2.6 per cent to 6.21m tonnes.

In contrast, the parent company's steel output in June fell by 2.7 per cent over June last year to 391,340 tonnes.

Reuter

BANKING IN BAHRAIN

Development phase draws to a successful conclusion

THE DECISION of the Bahrain Monetary Agency (BMA) to impose a moratorium on new banking licences marks the end of an era for the three-year-old *Bahrain offshore market.*

The first phase of development is now over, and Bahrain has become an established financial centre with a well-rounded banking community. The 47 Offshore Banking Units (OBU's) now operating, plus three yet to open, are thought to be enough to meet the needs of the region.

Business too has probably reached its peak. At the end of 1976, the BMA reported that assets of the 27 offshore banks then operating were U.S.$6.2bn. By the end of 1977, there were 34 OBU's sharing assets of $15.7bn, and a year later the total had risen to $23.4bn, with 42 OBU's operating.

But it was evident in the later months of the year that the growth rate was slowing, which led the adviser to the BMA board to suggest that Bahrain had reached an "appropriate" level as an international money market centre.

The offshore market actually declined in the first quarter of 1979, with the smaller OBU's gaining at the expense of the larger operations. Assets of $22.3bn at the end of March showed a fall of almost 5 per cent over the year-end level, but they have since recovered to $23bn.

Two distinct trends have been seen this year, the BMA says. On the one hand, a number of money traders have reduced their activity in dollar deposits, in view of quieter market conditions and the difficulty of forecasting future rate movements. At the same time, a flat yield curve has meant that there is, for instance, no longer any attraction in lending for six months or a year against short-term borrowing.

At the end of May, dollar dealings accounted for about 63 per cent of the total, down from 70 per cent. On the other hand, the majority of OBU's have witnessed a steady expansion in regional business. Dealings in Saudi riyals, Kuwaiti dinars and to a lesser extent, in UAE dirhams make up the bulk of the remaining market, with little activity in sterling, Deutschemarks, Swiss francs and other currencies.

It is widely expected that the moves made in March by the Central Bank of Kuwait, to disqualify deposits with Bahrain from being counted in banks' liquidity ratios, would lead to a *sharp reduction in KD operations.* However, this proved not to be the case, and although one or two OBU's have stopped trading in Kuwaiti dinars, the general level of activity has remained almost unchanged—a pointer to the practical value of the KD market in Bahrain.

An established financial centre with a well-rounded banking community is how our correspondent, MARY FRINGS, describes the offshore banking world of Bahrain. Business growth is beginning to slow as the centre digests the *rapid expansion of the past three years*

By far the most important regional currency is the Saudi riyal, in which the market continues to expand. The advent of the Saudi National Commercial Bank, with its 65 branches throughout the Kingdom, has provided a powerful boost.

NCB inaugurated its three-month-old OBU in Bahrain last week, with the support of a public relations officer appointed by the Jeddah head office served to underline the new outward-looking approach, and the Saudis were at pains to stress the internationalisation of the bank's operations. A representative office in London was opened last month, and there are plans for representation in Singapore and for a full branch in New York.

NCB is the largest commercial bank in the Middle East, with total assets including contra accounts of SR33bn ($10bn). With its strong deposit base in the Kingdom, the bank expects to become a "stabilising influence" in the offshore SR market.

The deputy general manager, Murad Ali Murad, formerly a leading dealer at the National Bank of Bahrain, goes even further. He believes NCB will play a "disciplinary" role. Although it cannot control the rates, it can make an impact on *the rate structure,* he argues.

Bahrain OBUs now have better access to the SR Market, because they no longer have to put up with the poor communications which have bedevilled their direct dealings with Saudi Arabia.

But at least one of the Bahrain money brokers suffered a temporary decline in SR deposits following the arrival of NCB. The manager, however, still reports a 50 per cent increase in business over last year, even though 70 per cent of his dealings are in Saudi riyals.

NCB had a livelier start in the Bahrain market than it expected and has achieved assets of SR 2bn in the space of the first three months. If 1979 follows the pattern of 1978, the typical OBU can expect to make profits of around $1m, although overheads are also likely to be around the $1m mark.

The question is how typical will NCB prove to be. More than 75 per cent of its business is in Saudi riyals, the rest in U.S. dollars—a reversal of the overall ratio. Although it employs an average number of staff, 24 at present, all but the general manager who is a Saudi, and one expatriate dealer, are Bahraini nationals.

Although itself a newcomer in the market, NCB echoes the general applause for the BMA's decision.

It is not easy for a relatively young Arab central bank to turn down licence applications, particularly where other Arab interests are involved. Although the BMA board last week rejected all the current candidates, it is likely that the position of representative offices will be reviewed at an early date. Two representative offices were among these candidates, together with three OBU's for whom the immediate outlook is less hopeful.

Dutch bank issue raises bond coupons

By Our Financial Staff

THE RECENT RISE in Dutch interest rates was reflected yesterday in the terms of a Fl 100m bond issue from one of the largest banks in Holland, Algemene Bank Nederland.

The bank is offering nine-year bonds on a coupon of 9¼ per cent at a price to be set next Monday. Despite its shorter maturity, the coupon is a full quarter point more than that attached last week to a 15-year offering from Amro Bank off- noot, Pierson Heldring and Pierson.

In Vienna, Oesterreichische Kontrollbank AG and Oesterreichische Investitionskredit AG are to separately float bond issues with identical terms. Both are Sch 500m issues with tranches of eight and 15 years. They will carry coupons of per cent and be issued at par.

Haindl Papier in U.S. move

PORTLAND—Orbanco Incorporated of the U.S. has agreed in principle to sell 280,000 common shares in Haindl Papier, a West German paper manufacturer, for $24.50 a share, or almost $6.9m in total.

The transaction would also give Haindl the option to purchase an additional 14,743 Orbanco common shares. The Haindl purchases are being made for investment purposes. With the closure of the sale, Haindl will own about 9.7 per cent of Orbanco. The deal limits Haindl's future ownership to less than 10 per cent of Orbanco.

AP-DJ

Cement-Roadstone sees improvement in earnings

DUBLIN — Higher profits for this year were forecast at the annual meeting of Cement-Roadstone Holdings, Ireland's largest industrial company. Mr. Michael Dargan, chairman, said "Notwithstanding the bad weather in the early part of the year, we have recovered sufficiently to indicate an improved performance.

"In general, our interests are trading well and I am glad to be able to report that our acquisitions abroad of last year are performing to our satisfaction." Mr. Dargan emphasised that the severity and effect of Irish price control on the group's cement company continued to be of pressing concern.

"The problem is now compounded by the size and frequency of energy cost increases.

The volume increase in home cement sales has continued at an unprecedented rate, 16.8 per cent over last year, but the profit of the cement company has declined. The price rise in June was inadequate and immediate application has been made for a further increase.

Looking at medium to longer term prospects Mr. Dargan said that the group had a sound future notwithstanding "the difficult time which, clearly, is ahead for the Irish economy."

Agencies

Snia Viscosa faces plant closures

By Our Financial Staff

SNIA VISCOSA, the troubled textile group, may be forced to close down four plants in Italy within the next two months making an estimated 3,000 workers redundant. The move, which would follow the heavy losses of the group over the last few years, can only be averted by swift government intervention, according to officials of Snia.

On Tuesday the company closed an acrylic fibre plant at Villacidro in Sardinia, laying off 700 workers temporarily and retaining 200 for maintenance. Unless some solution can be found soon, Snia will close other plants at Rieti, Naples and Pavia in the next few weeks.

Snia has asked the Italian Government to help finance a plan to restore balance in its industrial activities, involving group investments between now and 1981 of L265bn, but so far no decisions have been reached.

● Banks involved in the financial rescue of the SIR chemicals group have agreed on the composition of a new board for SIR Finanziaria SpA, the group holding company. A shareholders' meeting is expected to take place shortly to approve the board nominations and set the rescue plan in motion.

Upsurge in Swiss bourse activity in half-year

BY JOHN WICKS IN ZURICH

SHARPLY INCREASED activity is reported by the Swiss bourses for the first six months of 1979. Dealing volume in Zurich rose by almost a sixth while in Basle activity increased by more than a quarter.

On the Zurich bourse, total turnover for the first six months reached SwFr 59.1bn ($35.26bn), a rise of 16 per cent over the corresponding period of 1978, while the number of bargains rose 8.5 per cent from 123,253 to 133,726. In Basle, first-half turnover went up from SwFr 10.48bn to SwFr 13.21bn—a rise of 26 per cent—and the bargains recorded from 37,579 to 41,879.

* * *

ADIA INTERNATIONAL, the Swiss based personnel services group with whom the Alfred Marks Bureau merged in 1976, has announced further expansion.

The Swiss group has acquired the French company DSI comprising 16 branches in Paris and the provinces. This now makes Adia the fourth largest employment agency group in France.

Temporary employment is a particularly well developed industry in both France and Holland, involving around 4 per cent of the workforce. Overall, the Swiss company now has over 400 branches in 11 countries.

It also recently acquired Aktie 68. Based in Amsterdam, Aktie has 28 branches in the main towns of the west, north and centre of Holland. The acquisition of Aktie complements Adia's other company, Keser, which is based primarily in the south and in the east of Holland. Adia now has a major share of the Dutch market with a total of 51 branches.

AAC Southvaal Holdings Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT—1979

FINANCIAL RESULTS

The following are the unaudited results of the company for the half-year ended June 30 1979 together with comparative figures for the half-year ended June 30 1978 and the year ended December 31 1978:

	Half-year ended 30.6.79 R000	Half-year ended 30.6.78 R000	Year ended 31.12.78 R000
Interest received	538	392	788
Royalty received	—	—	28 233
	538	392	29 021
Deduct: Administration and other expenses	183	93	212
Profit before taxation	355	299	28 809
Deduct: Taxation	156	124	12 095
Profit after taxation	199	175	16 714
Transfer to general reserve	—	—	1 500
	199	175	15 214
Dividend No. 5	—	—	14 820
Retained profit	199	175	394
Earnings per share (cents)	0.8	0.7	64.3
Number of shares in issue	26 000 000	26 000 000	26 000 000

DIVIDENDS

Dividend No. 5 of 57 cents a share in respect of the year ended December 31 1978 (1977: 21 cents) was declared on January 18 1979 payable to members registered on February 2 1979 and was paid on March 9 1979.

ROYALTIES

In the report of Vaal Reefs Exploration and Mining Company Limited for the quarter ended June 30 1979, the royalty to Southvaal Holdings for the half-year ended June 30 1979 was estimated at R27 420 000 (June 30 1978: R11 330 000). Members are reminded that the royalty is only determined when the year-end profit from Vaal Reefs' operations in the South Lease area is known and the final amount of capital expenditure has been established.

LOAN TO VAAL REEFS

To assist in financing capital expenditure in the Vaal Reefs South Lease area, the company granted Vaal Reefs a loan of R10 000 000 bearing interest at 7.5 per cent per annum and repayable in 40 equal half-yearly instalments of R487 000 covering capital and interest, the first of which became payable on January 1 1976. At June 30 1979 the loan balance was R9 125 000 (June 30 1978: R9 399 000).

OPERATIONS AT THE VAAL REEFS SOUTH LEASE AREA

The attention of members is directed to the quarterly report of Vaal Reefs published on July 20 1979.

For and on behalf of the board
G. Langton, F. Bentley — Directors

Johannesburg
July 20 1979

United Kingdom Transfer Secretaries
Charter Consolidated Limited
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CSR spells out oil shale prospect

BY JOHN ROGERS IN SYDNEY

CSR, intent on becoming a major force in Australia's natural resources in the 1980s, is focussing its attention on alternative forms of energy, particularly oil shale and alcohol from sugar cane. At the AGM in Sydney, Sir James Vernon, the chairman, gave shareholders a glimpse of the future facing the country's seventh largest company.

Currently on CSR's drawing board are projects—with total development costs of about A$2bn (US$2.3bn) — including a NSW aluminium smelter, development of Queensland's Hail Creek, Theodore and Yarrabee coal deposits, the Western Australian Yandicoogina iron ore resource, Queensland's Julia Creek oil shale prospect, a timber resource in New Zealand and the possible large scale production of Cassava, which can be converted into alcohol.

While the aluminium smelter is nearest to fruition, shareholders at the meeting made it clear they were primarily interested in CSR's pioneering ventures in the alternative energy industry. Sir James told shareholders that the Julia Creek oil shale deposit was "significant in size" and could yield up to 52 litres of oil per tonne. Moreover, the reserves of the deposit would be over 300m barrels of oil. This compares with estimated reserves of between 1300m and 2000m barrels in the Rundle oil shale deposit, owned by Central Pacific and Southern Pacific. It also compared with Bass Strait's estimated reserves of 2,718m barrels.

While saying Julia Creek had become "an important subject for exploration," Sir James pointed out the need for further feasibility studies, the massive funds needed for such a project and the lag-time involved.

CSR would also be in a comfortable position if the extraction of alcohol from sugar cane became a viable proposition, as it was producing power alcohol in the second world war. But, while this form of alternative energy is also under consideration, Sir James pointed out that if the entire Australian sugar crop was converted into alcohol, it would yield only about 1.5m tonnes of alcohol—equal to about 5 per cent of Australia's oil consumption.

CSR's march into the resource field comes at a time when its traditional activities are enjoying considerable success. Sir James said that building products should continue to improve, rural conditions are buoyant, iron ore prospects are looking bright, and commodity prices are firm. Sugar operations are still feeling the effect of dumping by the EEC and failure of the U.S. to ratify the International Sugar Agreement, both of which are depressing world prices. But once the agreement has been signed, a "significant improvement is expected."

Industrial disputes have meant that 47 production days have been lost at the Mt Newman iron ore mine in the last two months and, although the mine will meet contractual shipping commitments, it will not be able to take full advantage of the improved demand for iron ore. Shipments will be considerably lower than last year's record of 33.3m tonnes. But overall, the outlook for CSR—which reported a 36.8 per cent growth in profit to A$59.97m in the year to March 31—was bright.

Government blocks SAB liquor outlet purchases

BY JIM JONES IN JOHANNESBURG

A PROPOSED acquisition by the major liquor concern South African Breweries (SAB) of Union Wine and Picardi Hotels has been blocked by the South African Government. The acquisition of the two companies, which control 23 hotels, 27 off-sales outlets and 29 bottle stores, would have narrowed the gap between the number of liquor outlets held by SAB and its arch rival Rembrandt/Oude Meester.

The management of SAB has reacted strongly to the blocking. Mr. Dick Goss, the managing director felt that in the light of the approval of Rembrandt's 49 per cent acquisition of Gilbeys by Jimmy Kruger, the former Justice Minister, approval of the latest proposed deal would be a mere formality. He took this view against the background of the current investigations into monopolistic practices in the country's liquor industry by the Board of Trade.

In what SAB sees as a delaying tactic, the proposed acquisition has been referred to the Board of Trade—a referral which could take up to two years to complete.

Obtaining additional liquor outlets is important to SAB. Nationally, it has control of some 130 outlets, compared with the 300 or so controlled by Rembrandt/Oude Meester, with which it is engaged in a developing liquor war.

Mr. Goss will not disclose the terms of the proposed acquisition, though Johannesburg analysts feel a price of some R8m ($9.5m) would be right for the two companies.

Now the problem facing SAB is that while its bid is being considered by the Board of Trade, Rembrandt/Oude Meester could come in with another bid. The Union Wine chairman, Mr Jan Pickard has held discussions on just such a possibility with SAB's competitors.

Mr. Goss intends taking the matter again with the Justice Minister, Alwyn Schlebusch.

Uganda invites back foreign businesses

BY MICHAEL HOLMAN

THE UGANDAN Government has given the clearest indication so far of its policy towards foreign and private investment—with President Godfrey Binaisa inviting two major businesses to resume their activities in the country.

Until nationalisation and the expulsion of Asians in 1972, under the regime of ex-President Idi Amin, Mr. Mahendra Mehta, head of the Mehta Group, had extensive sugar, engineering, textile and agricultural interests. The Madhvani group of companies had a similar range of interests, with a turnover of Uganda £26m, and 12,000 employees in 1970.

Mr. Binaisa, speaking last week at his first State House Press conference since becoming president nearly four weeks ago, went out of his way to reassure potential investors. Clearly concerned by the left-wing label that has sometimes been attached to his Administration, the President introduced to the meeting Mr. Mehta himself. The industrialist is returning to Uganda to restore his industries, said the President, with a degree of Government participation yet to be worked out.

"People have been saying that Binaisa is left of centre, that he is a socialist ... being left of centre means only one thing—that I'm determined to do something," said the President.

The Government is also seeking foreign participation in mining ventures. An estimated $15m is being sought to rehabilitate Kilembe Copper Mines in Western Uganda. And there is considerable outside interest in a joint scheme with the Government to extract cobalt from the million tons of pyrite tailings which have accumulated at the mines over the past 25 years. With a 1 per cent cobalt content, the tailings contain some 14,000 tons of cobalt, worth over $700m at present producer prices.

South Korean leasing companies borrow abroad

BY RON RICHARDSON IN SEOUL

THE SOUTH KOREAN Government has approved a series of foreign borrowing applications by local and foreign-owned companies involving a total of U.S.$205.9m. Among these are three loans amounting to $80m to finance operations by two of Korea's three specialist industrial leasing companies, which are meeting with strong demand as borrowers seek ways around the Government's credit squeeze.

Manufacturers Hanover Overseas Capital Corporation of the U.S. is to lend $50m to Korea Industrial Leasing Company, in which the U.S. bank has a 45 per cent stake. The five-year loan carries a grace period of two years and is at the U.S. prime rate for lending plus [illegible] per cent.

The Korea Development Leasing Corporation is to receive $30m—consisting of $10m from the Bank of Montreal and the remainder from a group of foreign institutions including the Private Investment Company of Asia (PICA), which has a 5 per cent stake in the Korean group.

Both loans will be for [illegible] years after a grace period of two years. The Bank of Montreal line carries a spread of 0.875 per cent over the London interbank offered rate (LIBOR) while the $20m advance carries the same spread over the Singapore interbank offered rate.

aac Group Gold Mining Companies

(All companies are incorporated in the Republic of South Africa)

Transvaal

Reports of the directors for the quarter ended 30th June, 1979

VAAL REEFS

Vaal Reefs Exploration and Mining Company Limited

ISSUED CAPITAL: 19 900 089 shares of 50 cents each

	Quarter ended June 1979	Quarter ended Mar. 1979	Six months ended June 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	413	382	795
Tons milled 000's	2 914	2 979	5 984
Yield—g/t	8.41	8.32	8.37
Production—kg	18 970	17 221	54 167
Cost—R/ca mined	155	157	156
—R/ton milled	31.83	28.95	39.38
—R/kg produced	3 783	3 401	3 631
URANIUM OXIDE			
Tons treated 000's	1 359	1 206	2 585
Yield—kg/t	0.20	0.21	0.29
Production—kg	275 374	249 941	525 315
PRICE RECEIVED ON SALES			
Gold—R/kg	7 030	6 519	6 791
—$/oz	259	238	249
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	119 447	112 320	231 767
—Costs	64 112	59 959	124 062
—Profit	55 335	52 379	107 705
Uranium oxide profit	11 271	20 399	31 571
Acid profit	11	15	28
Tribute profit	1 269	1 459	2 723
Net sundry income	1 251	1 435	2 886
	69 137	75 579	144 716
Deduct: Royalty to Southvaal Holdings Limited—estimated	13 716	15 794	27 429
Profit before taxation and State's share of profit	55 421	61 876	117 296
Provision for taxation and State's share of profit	15 724	25 572	41 296
Profit after taxation and State's share of profit	39 697	36 303	76 900
Deduct: Appropriation and transfer:			
Capital expenditure (after taking account of consumer loans)			38 784
Loan levies—net			1 499
Dividend—interim			38 100
Retained profit for the six months			1 707
Capital expenditure	23 410	15 957	39 377
Loan levies—estimated	1 072	1 845	2 817
CONSOLIDATED PROFIT			
Estimated consolidated profit after taxation and State's share of profit of the company and its wholly-owned subsidiary, Western Reefs Exploration and Development Company Limited	39 698	36 320	76 018
SHAFT SINKING			
No 9 shaft (South Lease Area)			
Advance—metres	247	475	722
Depth to date—metres	1 202	955	1 202

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Vaal reef							
Shaft area							
No 1	2 734	390	20.0	78.00	1 569	2.45	48.97
No 2	6 285	282	74.0	31.46	2 323	0.41	30.59
No 3	1 205	78	14.7	46.64	[illegible]	1.86	27.31
No 4	4 216	534	17.1	77.89	1 332	2.92	34.86
No 5	6 328	516	41.9	43.25	1 812	1.98	45.24
No 8	13 979	1 126	78.9	30.14	2 351	0.71	55.57
Quarter ended June 1979	33 847	2 946	50.5	37.92	1 915	0.91	45.78
Quarter ended March 1979	30 404	2 664	55.2	41.61	2 297	0.99	54.73
Six months ended June 1979	64 251	5 619	52.7	39.77	2 096	0.95	50.03
"C" reef							
No. 9							
Quarter ended June 1979	109	84	16.9	140.24	2 370	3.03	51.28
Quarter ended March 1979	163	84	20.8	107.77	2 229	2.83	58.32
Six months ended June 1979	272	168	18.8	122.07	2 293	2.91	54.79

DIVIDEND
The interim dividend of 190 cents a share in respect of the year ending December 31 1979 was declared on July 19 1979 payable to members registered on August 3 1979.

CAPITAL EXPENDITURE
Orders placed and outstanding on capital contracts as at June 30 1979 totalled R15 957 909.

PRODUCTION
During the "go-slow" by members of the South African Technical Officials' Association the tonnage milled was maintained by drawing ore from surface stocks. However, it is estimated that there was a loss of production of 250 kilograms of gold.

URANIUM PLANTS
[illegible]

TRIBUTING ARRANGEMENTS WITH HARTEBEESTFONTEIN GOLD MINING
[illegible]

VAAL REEFS SOUTH LEASE AREA

Included in the above are the following figures in respect of the South Lease area:

	Quarter ended June 1979	Quarter ended Mar. 1979	Six months ended June 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	197	194	[illegible]
Tons milled 000's	[illegible]	[illegible]	[illegible]
Yield—g/t	[illegible]	[illegible]	[illegible]
Production—kg	[illegible]	[illegible]	[illegible]
Cost—R/ca mined	[illegible]	[illegible]	[illegible]
—R/ton milled	[illegible]	[illegible]	[illegible]
—R/kg produced	3 968	3 077	3 073
URANIUM OXIDE			
Tons treated 000's	[illegible]	[illegible]	[illegible]
Yield—kg/t	[illegible]	[illegible]	[illegible]
Production—kg	89 904	82 428	172 139
PRICE RECEIVED ON SALES			
Gold—R/kg	7 108	6 557	6 838
—$/oz	262	250	251
FINANCIAL RESULTS	R000	R999	R909
Gold—Revenue	51 407	45 527	97 934
—Costs	22 191	21 412	43 603
—Profit	29 216	24 215	53 431
Uranium oxide profit	4 201	4 628	8 829
Tribute profit	1 378	1 399	2 777
	34 795	31 233	65 928
Deduct: Capital expenditure excluding new South uranium plant	8 615	6 073	14 686
Repayment of loans and interest to Southvaal Holdings Limited	244	243	487
Surplus subject to royalty—estimated	24 958	24 917	49 853
Royalty to Southvaal Holdings Limited (55% of surplus—estimated)	13 716	13 704	27 420
Capital expenditure	14 991	8 701	23 702

DEVELOPMENT—SOUTH LEASE AREA

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Vaal reef							
Quarter ended June 1979	13 079	1 125	78.9	39.14	2 351	9.71	55.57
Quarter ended March 1979	11 994	972	93.8	33.40	3 126	0.76	71.29
Six months ended June 1979	25 073	2 098	85.2	31.81	2 710	0.74	62.85
"C" reef							
Quarter ended June 1979	109	84	16.9	140.24	2 370	3.03	51.26
Quarter ended March 1979	163	84	20.8	107.77	2 220	2.83	58.32
Six months ended June 1979	272	168	18.8	122.07	2 295	2.91	54.79
Area under tribute to and developed by Buffelsfontein Gold Mining Company Limited (not included in totals)							
Vaal reef							
Quarter ended June 1979	1 556	258	115.9	13.86	1 572	0.55	63.75
Quarter ended March 1979	1 817	252	118.2	14.45	1 708	9.49	58.17
Six months ended June 1979	3 373	510	117.0	14.91	1 639	0.52	59.99

CAPITAL EXPENDITURE
Orders placed and outstanding on capital contracts as at June 30 1979 totalled R9 270 009.

For and on behalf of the board
D. A. ETHEREDGE, W. R. LAWRIE, Directors

July 20 1979

SOUTHVAAL HOLDINGS

SOUTHVAAL HOLDINGS LIMITED

The attention of shareholders is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

ELANDSRAND

Elandsrand Gold Mining Company Limited

ISSUED CAPITAL: 75 484 238 shares of 20 cents each

	Quarter ended June 1979	Quarter ended Mar. 1979	Six months ended June 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	22	9	31
Tons milled 000's	130	52	182
Yield—g/t	4.83	2.89	4.28
Production—kg	828	151	779
Cost—R/ca mined	199	221	291
—R/ton milled	32.40	39.[illegible]	34.30
—R/kg produced	6 704	13 465	8 012
PRICE RECEIVED ON SALES			
Gold—R/kg	7 126	6 733	7 983
—$/oz	262	245	260
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	4 543	940	5 483
—costs	4 212	2 029	6 241
—profit (loss)	331	(1 089)	(758)
Net sundry income	77	299	376
Profit (loss)	498	(790)	(382)
Capital expenditure	20 739	15 876	36 615

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t
V.C.R.					
Quarter ended June 1979	5 812	957	59.1	13.82	817
Quarter ended March 1979	4 624	342	82.8	13.25	1 097
Six months ended June 1979	10 636	1 299	65.3	13.63	899

CAPITAL EXPENDITURE
Orders placed and outstanding on capital contracts as at June 30 1979 totalled R15 060 900.

PLANNED PRODUCTION
Since the commencement of production on December 19 1978, which was earlier than originally planned, only the Rock/Ventilation shaft has been available for hoisting as the commissioning of the Men/Material shaft is scheduled for the end of August 1978. Because of this and the slower than expected build-up of the stoping rate, the planned production for 1979 has been reduced to 800 000 tons (previously 1 000 000 tons) at a grade of 5.6 grams a ton (previously 6.0 grams a ton).

BRIDGING FINANCE
As anticipated in the company's annual report, the additional funds required to finance post-production expenditure until the company becomes self-financing are to be raised in the form of bridging finance. In this regard the necessary arrangements are currently being concluded with Anglo American Corporation of South Africa Limited.

For and on behalf of the board
D. A. ETHEREDGE, W. R. LAWRIE, Directors

July 20 1979

ERGO

East Rand Gold and Uranium Company Limited

ISSUED CAPITAL: 49 000 000 shares of 50 cents each

	Quarter ended June 1979	Quarter ended Mar. 1979	Year ended Mar. 1979
OPERATING RESULTS			
Slimes treated—tons	4 842 000	4 557 999	16 251 999
Production—			
sulphur in pyrite—tons	38 330	35 035	125 870
uranium oxide—kg	[illegible]	[illegible]	[illegible]
sulphuric acid—tons	[illegible]	[illegible]	[illegible]
oleum—tons	[illegible]	[illegible]	[illegible]
gold—kg	[illegible]	[illegible]	[illegible]
PRICE RECEIVED ON SALES			
Gold—R/kg	[illegible]	[illegible]	[illegible]
—$/oz	[illegible]	[illegible]	[illegible]
FINANCIAL RESULTS	R000	R000	R999
Revenue—gold	[illegible]	[illegible]	[illegible]
—uranium, sulphuric acid and sulphur	8 171	19 342	23 301
Total revenue	[illegible]	[illegible]	[illegible]
Cost of sales	[illegible]	[illegible]	[illegible]
Operating profit	8 985	8 286	18 049
Less: net sundry expenditure	344	289	1 584
Profit	8 821	8 027	16 465
Deduct: Appropriations:			
Capital expenditure			5 000
Dividend			19 900
Retained profit for the year			1 485
Capital expenditure	824	2 460	10 545

DIVIDEND
The dividend of 25 cents a share in respect of the year ended March 31 1979 was declared on April 19 1979 payable to members registered on May 4 1979 and was paid on June 8 1979.

CAPITAL EXPENDITURE
Orders placed and outstanding on capital contracts at June 39 1979 totalled R2 604 474.

OPERATIONS
The tonnage of slimes treated during the quarter exceeded the target of 4 500 000 tons and output of all products in the quarter was the highest achieved since the commencement of operations.

For and on behalf of the board
D. A. ETHEREDGE, M. S. McCRUM, Directors

July 29 1979

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

GENERAL NOTES

1. DIVIDENDS
Attention is directed to an announcement published in conjunction herewith relating to the declaration on Thursday, July 19 1979, of interim dividends for the year ending December 31 1979.

2. DEVELOPMENT
Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Orange Free State Group's results appear on another page in this paper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries:

Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

S.A. LAND

The South African Land & Exploration Company Limited

ISSUED CAPITAL: 8 600 000 shares of 35 cents each

	Quarter ended June 1979	Quarter ended Mar. 1979	Six months ended June 1979
OPERATING RESULTS			
GOLD			
Tons milled 000's	315	331	646
Yield—g/t	1.17	1.53	1.36
Production—kg	379	508	878
Cost—R/ton milled	7.25	7.40	7.33
—R/kg produced	6 176	4 821	5 392
PRICE RECEIVED ON SALES			
Gold—R/kg	6 888	6 606	6 716
—$/oz	253	231	248
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	2 709	3 155	[illegible]
—Costs	2 285	2 448	[illegible]
—Profit	424	707	1 331
Sale of salvaged equipment and scrap	4	[illegible]	[illegible]
Sale of rock dump	[illegible]	[illegible]	[illegible]
Net sundry revenue	207	[illegible]	435
Profit before taxation	635	1 261	1 896
Taxation—estimated	233	1 160	1 393
Profit after taxation	402	1 161	1 503
Deduct: Dividend—interim			[illegible]
Retained profit for the six months			[illegible]
Prospecting expenditure	42	18	60
Capital expenditure*	[illegible]	[illegible]	[illegible]

* Including cost of acquisition of dump material.

OPERATIONS
Since ceasing underground mining at the end of 1975, the company has continued treating waste rock and crushing-plant slimes from various locations on the East Rand.

PROSPECTING
Drilling continued in borehole SRK 1, situated in the area south-west of the plant area. Further problems have been experienced and consequently the deflection from a depth of 2 713 metres has not yet intersected the reef.

DIVIDEND
The interim dividend of 28 cents a share in respect of the year ending December 31 1979, was declared on July 19 1979 payable to members registered on August 3 1979 and will be paid on or about September 7 1979.

For and on behalf of the board
D. A. ETHEREDGE, M. S. McCRUM, Directors

July 20 1979

WESTERN DEEP LEVELS

Western Deep Levels Limited

ISSUED CAPITAL: 25 909 090 shares of R2 each

	Quarter ended June 1979	Quarter ended Mar. 1979	Six months ended June 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	181	179	361
Tons milled 000's	911	774	1 58[illegible]
Yield—g/t	14.74	14.04	14.40
Production—kg	11 9[illegible]	10 009	22 609
Cost—R/ca mined	164	148	156
—R/ton milled	36.11	36.12	36.12
—R/kg produced	2 450	2 574	2 509
Uranium oxide			
Tons treated 000's	223	228	451
Yield—kg/t	0.22	0.22	0.22
Production—kg	48 951	49 506	98 957
PRICE RECEIVED ON SALES			
Gold—R/kg	6 988	6 575	6 788
—$/oz	256	241	248
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	83 682	70 739	154 421
—Costs	29 399	27 820	57 219
—Profit	54 [illegible]	42 916	97 29[illegible]
Uranium oxide profit	2 3[illegible]	1 [illegible]	3 714
Net sundry income	992	1 878	2 8[illegible]
Profit before taxation and State's share of profit	56 210	47 576	193 786
Provision for taxation and State's share of profit	19 463	24 432	43 895
Profit after taxation and State's share of profit	58 747	23 144	59 891
Deduct: Appropriation and transfer:			
Capital expenditure			29 272
Loan levies—net			1 95[illegible]
Dividend—interim			23 750
Retained profit for the six months			5 [illegible]
Capital expenditure	22 378	6 589	29 159
Loan levies—estimated	1 075	1 828	3 493

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Carbon Leader							
Shaft area							
No. 1	4 992	88	12.2	134.93	1 018	0.87	12.38
No. 3	4 915	50	40.7	106.54	4 336	0.36	22.79
Quarter ended June 1979	9 907	148	28.1	115.96	2 911	0.66	16.64
Quarter ended March 1979	7 838	126	35.3	90.48	3 194	1.96	37.29
Six months ended June 1979	16 845	274	29.9	101.77	3 043	0.66	26.29
V.C.R.							
Shaft area							
No. 2	1 954	8	59.0	33.79	1 685		
No. 3	878	112	62.9	77.62	4 882		
Quarter ended June 1979	2 832	116	62.5	75.75	4 719		
Quarter ended March 1979	2 064	74	117.8	22.03	2 595		
Six months ended June 1979	4 896	190	83.3	46.99	3 914		

DIVIDEND
The interim dividend of 95 cents a share in respect of the year ending December 31 1979 was declared on July 19 1979 payable to members registered on August 3 1979 and will be paid on or about September 7 1979.

CAPITAL EXPENDITURE
Orders placed and outstanding on capital contracts at June 30 1979 totalled R18 759 003.

URANIUM PLANT EXTENSION
In the company's annual report it was stated that the commissioning of the plant was scheduled for the third quarter of 1979. Present indications are that the plant will now be commissioned in the first quarter of 1980.

For and on behalf of the board
G. LANGTON, W. R. LAWRIE, Directors

July 20 1979

EAST DAGGAFONTEIN

East Daggafontein Mines Limited

ISSUED CAPITAL: 3 739 090 shares of R1 each

	Quarter ended June 1979	Quarter ended Mar. 1979	Six months ended June 1979
FINANCIAL RESULTS	R000	R000	R000
Royalties	125	[illegible]	155
Sundry revenue	25	[illegible]	35
	150	37	187
Deduct: Costs	26	28	56
Surplus before taxation	132	[illegible]	131
Taxation—estimated	49	[illegible]	43
Surplus after taxation	83	[illegible]	88

In the annual report dated March 2 1979, it was stated that the marketability of the company's three slimes dams was being investigated. During the quarter the company entered into an agreement with East Rand Gold and Uranium Company Limited (Ergo) under which the company granted Ergo the right of first refusal to purchase the company's three slimes dams. The right, for which the company has received R25 000, will remain in force until December 31 1980. Ergo will be carrying out an evaluation of the three slimes dams to ascertain whether or not they can be treated profitably.

For and on behalf of the board
D. A. ETHEREDGE, M. S. McCRUM, Directors

July 20 1979

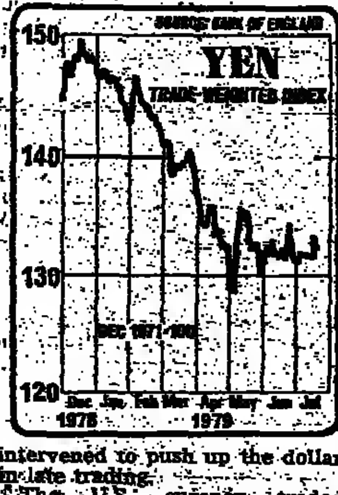
CURRENCIES, MONEY and GOLD

Dollar improves

THE DOLLAR finished around its best level of the day against most currencies on expectations of a statement by President Carter. Earlier in the day the currency had remained very weak, and received support from the West German Bundesbank, the Swiss National Bank and the Bank of England. The U.S. Federal Reserve may have also intervened to push up the dollar in late trading. The U.S. currency traded between DM 1.8020 and DM 1.8100 against the D-mark, before closing at DM 1.8090, compared with DM 1.8070 previously. The range in terms of the Swiss franc was SwFr 1.6275 to SwFr 1.6360, and the dollar finished at SwFr 1.6350, compared with SwFr 1.6300 on Wednesday. On Bank of England figures the dollar's trade-weighted index rose to 83.7 from 83.6.

Sterling was very firm once again, but lost ground sharply against the dollar at the close, in line with other major currencies. The pound's index, as calculated by the Bank of England rose to 72.8, the highest level since February 1976, and compared with 72.1 previously.

It opened at $2.2825, and touched $2.2900, before easing to $2.2840 at noon. In the afternoon sterling continued to rise, touching $2.3040-$2.3050, but lost ground on rumours of a dollar support package similar to the measures announced last November, and anticipation of a speech from the White House. The pound fell to $2.2900, and closed on a wide spread of $2.2930-$2.2950; a rise of 1.65 cents on the day, and the firmest point since June 1975.



FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.8047 against the dollar, compared with DM 1.8031 previously. There was also thought to be only small intervention before the fixing in quiet trading. This followed some late activity from Wednesday, when the Federal Reserve and the Bundesbank bought about $500m to support the U.S. unit. The major factor behind the dollar's weakness remained doubts about President Carter's ability to ease the U.S. energy situation.

ZURICH—The dollar lost ground against the D-mark and Swiss franc in thin early trading, but showed some initial strength against sterling and the French franc. Trading was very quiet, with the Swiss National Bank allowing the market to drift.

PARIS—The dollar eased against the French franc in late trading. By the end of the day the U.S. currency had fallen to FFr 4.2045 from an early rate of FFr 4.2110, and little changed from Wednesday's late level of FFr 4.2035. Market sources reported a substantial flow out of dollars and into sterling from the Middle East. The pound rose to FFr 9.6615 from FFr 9.6175 at the start, and FFr 9.5871 late Wednesday. There were also reports of considerable intervention by the Bundesbank to support the dollar.

TOKYO—The dollar fell to Y214.92½ from Y215.77½ in active trading.

THE POUND SPOT AND FORWARD

July 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2820-2.3050	2.2930-2.2950	0.67-0.57c pm	3.24	1.67-1.57 pm	2.82
Canada	2.6690-2.6880	2.6710-2.6730	0.55-0.45c pm	2.25	1.65-1.55 pm	2.39
Nethlnd.	4.52-4.57	4.55-4.56	2¾-1¾c pm	5.91	4.25-5.4 pm	3.95
Belgium	65.70-66.40	66.20-66.30	12-2c pm	1.27	32-22 pm	1.63
Denmark	11.84-11.89	11.86-11.88	1ore pm-1½ dis	-0.50	2½-5½ dis	-1.80
Ireland	1.0905-1.1010	1.0995-1.1005	18-29p dis	-2.51	45-55 dis	-1.81
W. Ger.	4.11-4.16	4.15-4.15¾	3¼-2¼pf pm	7.95	8½-7½ pm	7.36
Portugal	111.20-111.90	110.60-110.90	60-100c dis	-7.68	155-255 dis	-5.42
Spain	150.80-151.70	151.35-151.45	100-300c dis	-9.11	300-400dis	-11.89
Italy	1,855-1,866	1,865½-1,866½	2½-4½ lire dis	-2.41	9-12 dis	-2.25
Norway	11.45-11.52	11.49-11.51	2-3 ore pm	3.65	[illegible]	4.77
France	9.60-9.68	9.66-9.67½	3-2c pm	3.10	5-5 pm	2.27
Sweden	9.57-9.63	9.61-9.63	2 ore pm-par	1.24	4½-2½ pm	1.45
Japan	487-500	494-495	4.10-3.80y pm	9.58	9.45-9.10 pm	7.45
Austria	30.30-30.50	30.40-30.45	22-12 gro pm	6.71	52-42 pm	6.12
Switz.	3.71-3.76	3.74¼-3.75¼	4½-3¾c pm	12.80	12¼-11½ pm	12.53

Belgian rate is for convertible francs. Financial franc 69.50-69.60c pm. Six-month forward dollar 2.63-2.53c pm; 12-month 4.35-4.25c pm.

THE DOLLAR SPOT AND FORWARD

July 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2820-2.3050	2.2930-2.2950	0.67-0.57c pm	3.24	1.67-1.57 pm	2.82
Ireland†	2.0840-2.0870	2.0800-2.0850	1.20-1.00c pm	6.31	3.25-3.00 pm	5.57
Canada†	[illegible]	[illegible]	0.05-0.03c pm	[illegible]	[illegible]	[illegible]
Nethlnd.	1.9800-1.9850	1.9815-1.9835	0.38-0.28c pm	2.00	0.75-0.65 pm	1.41
Belgium	28.75-28.90	28.86-28.88	0.5-2.5c dis	-0.62	7-10 dis	-1.18
Denmark	5.1700-5.1850	5.1725-5.1750	1.25-1.75 ore dis	-3.48	5.50-6.00dis	-4.44
W. Ger.	1.8020-1.8100	1.8050-1.8060	0.80-0.70pf pm	4.98	2.15-2.05 pm	4.65
Portugal	48.20-48.60	48.35-48.50	35-45c dis	-9.91	90-130 dis	-9.08
Spain	65.75-66.20	66.00-66.05	70-80c dis	-11.05	185-205dis	-11.81
Italy	812.50-814.90	814.40-814.70	3-3½ lire dis	-4.97	9-10 dis	-4.66
Norway	5.0050-5.0200	5.0090-5.0110	0.50 ore pm-par	0.60	1.50-1.00 pm	1.00
France	4.2025-4.2175	4.2075-4.2100	0.03-0.13c dis	-0.24	0.60-0.80dis	-0.66
Sweden	4.1900-4.2000	4.1910-4.1920	0.30-0.50 ore dis	-1.14	1.15-1.35dis	-1.19
Japan	214.75-215.75	215.20-215.40	1.25-1.10y pm	6.56	2.85-2.80 pm	0.34
Austria	13.25-13.28½	13.26½-13.27½	4.55-4.10 gro pm	3.84	12-10.50 pm	3.39
Switz.	1.6255-1.6400	1.6250-1.6340	1.44-1.39c pm	10.43	4.3-4.35 pm	9.73

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

July 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.572777	0.642315
U.S. $	9½	1.31080	1.40355
Canadian $	11¼	1.52010	1.63771
Austria Sch.	3¾	17.5012	18.5897
Belgian F.	9	37.7117	40.5760
Danish K.	8	6.76185	7.27097
D mark	5	2.36330	2.53125
Guilder	6½	2.59752	2.78242
French Fr.	9½	5.50405	5.89483
Lira	10½	1064.04	1150.31
Yen	4¼	283.183	300.350
Nrwgn. K.	7	6.57029	7.04010
Spanish Pes.	8	86.3772	93.6532
Swedish Kr.	7	5.49776	5.88569
Swiss Fr.	1	2.12574	2.28075

CURRENCY MOVEMENTS

July 18	Bank of England Index	Morgan Guaranty changes %
Sterling	72.8	-32.8
U.S. dollar	83.7	-8.4
Canadian dollar	80.0	-17.1
Austrian schilling	148.8	+18.5
Belgian franc	114.7	+13.8
Danish kroner	117.6	+5.0
Deutsche Mark	168.5	+42.4
Swiss franc	198.0	+81.6
Guilder	130.8	+18.7
French franc	100.4	-7.9
Lira	53.2	-48.2
Yen	102.8	+50.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4480	+2.51	+1.21	±1.53
Danish Krone	7.08592	7.22567	+2.68	+1.38	±1.635
German D-Mark	2.51064	2.53038	+0.79	-0.52	±1.1325
French Franc	5.79831	5.90249	+1.80	+0.49	±1.35
Dutch Guilder	2.72077	2.78214	+2.26	+0.95	±1.5025
Irish Punt	0.662638	0.670657	+1.21	-0.09	±1.665
Italian Lira	1148.15	1141.20	-0.61	-0.81	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER MARKETS

July 12	£	$		Note Rates
Argentina Peso	3080-3100	1343-1351	Austria	29.75-30.75
Australia Dollar	2.0275-2.0315	0.8840-0.8853	Belgium	69.0-70.0
Brazil Cruzeiro	59.48-60.48	25.93-26.03	Denmark	11.80-11.93
Finland Markka	8.78-8.79	3.8150-3.8180	France	9.58-9.68
Greek Drachma	82.307-84.233	35.85-36.72	Germany	4.08-4.18
Hong Kong Dollar	11.875-11.895	5.1730-5.1780	Italy	1,830-1,880
Iran Rial	156.85-173.70	72½-73½	Japan	480-500
Kuwait Dinar (KD)	0.628-0.633	0.2744-0.2740	Netherlands	4.50-4.60
Luxembourg Frc.	66.20-66.30	28.87-28.88	Norway	11.45-11.60
Malaysia Dollar	4.80-4.91½	2.1380-2.1070	Portugal	107-113
New Zealand Dlr.	2.2365-2.2420	0.9700-0.9770	Spain	149-160
Saudi Arab. Riyal	7.65-7.70	3.3520-3.3535	Switzerland	3.70-3.80
Singapore Dollar	4.90-4.91½	2.1380-2.1370	United States	2.2875-2.2975
Sth. African Rand	1.92-1.93	0.8370-0.8410	Yugoslavia	42½-40½

Rate given for Argentina is free rate.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.60-10.70 per cent; three months 10.65-10.75 per cent; six months 10.75-10.85 per cent; one year 10.30-10.40 per cent.

July 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14-14¼	10⅛-10⅜	9½-10½	8⅞-9⅛	[illegible]	0¼-5⅛	9¼-9¾	11-14	—	⅜-5½
7 days' notice	13⅞-14⅛	10⅛-10⅝	9½-10⅛	8⅞-9⅛	[illegible]	5⅛-5⅛	8¼-9¾	16-18	10⅛-10⅝	3⅛-4⅛
Month	13⅞-14⅛	10⅛-10⅝	10⅜-11	8⅞-9	[illegible]	0⅞-6	10⅝-11	10½-16½	10⅛-10⅛	4⅛-4⅛
Three months	13¾-14⅛	10⅛-11⅛	10⅜-11	9⅛-9⅞	1-1⅛	5⅝-5⅞	11½-11¾	15¼-16¼	10⅛-10⅞	5⅛-5⅞
Six months	10¼-13⅝	10⅞-11⅛	10⅞-11⅛	9⅛-9⅞	1⅞-2	0⅞-7	11⅞-12⅛	13-16	10¾-10⅞	0⅞-6⅛
One year	13⅛-13⅛	10½-10¾	10⅛-10⅞	8⅞-9⅞	8⅞-2⅞	8⅞-7	11⅞-12⅛	14½-10½	10½-10⅝	0⅞-5¾

Long-term Eurodollar: two years 10⅝-10⅞ per cent; three years 10⅝-10⅞ per cent; four years 10-10½ per cent; five years 10-10½ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

July 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.294	4.150	495.0	9.670	3.750	4.550	1866.	2.072	66.25
U.S. Dollar	0.436	1.	1.809	215.8	4.215	1.635	1.986	813.4	1.185	28.88
Deutschemark	0.241	0.553	1.	118.3	2.330	0.904	1.098	449.8	0.644	10.96
Japanese Yen 1,000	2.020	4.634	8.384	1000.	12.54	7.578	2.202	3770.	3.398	133.8
French Franc 10	1.034	2.372	4.292	511.9	10.	3.878	4.710	1930.	2.703	68.51
Swiss Franc	0.207	0.618	1.107	138.0	2.579	1.	1.213	497.0	0.713	17.67
Dutch Guilder	0.220	0.504	0.911	108.7	2.123	0.823	1.	409.7	0.667	14.54
Italian Lira 1,000	0.536	1.229	2.224	265.3	5.182	2.010	2.441	1000.	1.432	35.50
Canadian Dollar	0.374	0.859	1.553	185.3	3.618	1.403	1.705	698.4	1.	24.79
Belgian Franc 100	1.509	3.463	6.264	747.2	14.60	5.660	6.870	2817.	4.033	100.

INTERNATIONAL MONEY MARKET

Dutch rates easier

Dutch interest rates showed an easier tendency yesterday, reflecting a much steadier trend in rates throughout Europe. Call money fell to 8½-8¾ per cent from 8¾-9 per cent and one-month money was easier at 9⅛-9⅜ per cent compared with 9¼-9½ per cent on Wednesday. The three-month rate was quoted at 9⅛-9⅜ per cent down from 9⅜-9⅝ per cent and six-month money eased to 9¾-10 per cent from 9⅞-10⅛ per cent. Dutch monetary reserves fell in June by Fl 775m to Fl 25.23bn, and this probably reflected to a certain extent, the Dutch authorities' intervention in the foreign exchange market to support the guilder within the EMS.

FRANKFURT — Interbank money rates were generally firmer in the shorter periods, with longer-term money remaining stable. Call-money rose to 5.40-5.50 per cent from 4.90-5.00 per cent and one-month money stood at 6.10-6.20 per cent from 6.00-6.10 per cent. The three-month rate was quoted higher at 6.75-6.85 per cent against 6.65-6.75 per cent while the six- and 12-month rates remained at 7.15-7.25 per cent and 7.35-7.45 per cent respectively.

NEW YORK — The Federal Reserve Bank entered the market yesterday to arrange four-day repurchase orders, with Fed funds at 10⅛-10 3/16 per cent. However funds remained around 10½ per cent soon afterwards. Treasury bill rates showed an easier tendency initially, and while 13-week bills remained at 9.26 per cent, 26-week bills fell to 9.28 per cent from 9.31 per cent. However trading was fairly light ahead of U.S. money supply figures.

PARIS — Call money eased slightly to 9¼ per cent from 9⅜ per cent and one-month money was unchanged at 9⅛-9⅜ per cent. The three-month rate continued to ease and was quoted at 9⅞-10 per cent against 10-10⅛ per cent, while six-month money fell from 10⅛-10⅜ per cent to 10⅛-10¼ per cent; 12-month money was also easier at 10⅜-10⅝ per cent from 10⅞-11 pre cent previously.

HONG KONG — Money was in good supply early on but conditions tightened up towards noon, before easing during the afternoon. Call money was quoted at 9½ per cent with overnight business also dealt at 9½ per cent.

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day to day credit appeared to be in short supply in the London money market yesterday, and the authorities bought a small amount of Treasury bills and a small number of corporation bills, all direct from the discount houses. Total assistance was termed as small. Discount houses were paying around 13½ per cent for secured call loans at the start with closing balances taken between 13¾ per cent and 12¾ per cent.

The market was faced with a small excess of revenue transfers to the Exchequer over Government disbursements and a small net take up of Treasury bills. On the other hand banks brought forward balances some way above target and there was a small increase in the note circulation.

In the interbank market overnight loans opened at 13⅝-13¾ per cent and eased to 13⅛-13⅜ per cent before touching 13-13½ per cent. Rates soon bounced back to 13⅞-14 per cent, fell back to 13-13½ per cent and closed at 13⅞-14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 19 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ‡	Eligible Bank Bills ‡	Fine Trade Bills ‡
Overnight	—	13-14	—	—	—	13⅞	12¾-13⅛	—	—	—
2 days notice	—	—	14	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅝-13⅞	14-14⅛	—	14¼	14⅛-14¼	13½	—	—	—
One month	14-13⅞	13⅞-14	13⅞-14	14⅛-14¾	14¼	14¼	13¾	13¼-13⅜	14⅛-14⅛	14⅜
Two months	13⅞-13⅞	13⅞-14	—	14⅝	14¼	14¼	13¾	13⅞-13⅞	13⅞	14¼
Three months	13⅞-13¾	13⅞-14	13¾-13⅞	14	14¼	—	13⅞	13⅞-13⅞	13⅞-13⅞	14⅛
Six months	13⅞-13⅛	14-14¼	13⅛-13½	12⅝-12⅞	13⅛	—	—	—	13⅞-13⅝	—
Nine months	12⅞-12⅞	12⅞-12⅞	—	12⅞-12⅞	13⅛	—	—	—	—	—
One year	12⅞-12⅞	12⅝-12½	12⅝	12¼-12⅝	13½	—	—	—	—	—
Two years	—	—	13¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 12¾ per cent; four years 12¾-12⅞ per cent; five years 12⅞ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 13⅛ per cent; four-months trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13⅞ per cent; two-months 13⅞ per cent; three-months 13⅞-14⅛ per cent. Approximate rates for one-month bank bills 13⅞-13⅞ per cent; two-months 13⅞ per cent; and 13-19/64ths per cent. Approximate rates for one-month trade bills 14¼ per cent; two-month 14⅛ per cent; and three-month 14 per cent; three-month 13⅞-13⅞ per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Rates for lending 14 per cent. Bank Deposit Rates for small sums at seven days' notice 11⅞-12 per cent.

Treasury bills: Average tender rates of discount 13.3457 per cent.

GOLD

Weaker trend

Gold fell $2½ to close at $298¾-299½. The metal opened at $299¼-300, and was fixed at $300.10 in the morning, and $299.15 in the afternoon. Trading was very nervous at the higher levels, with profit taking outweighing buying interest.

In Paris the 12½ kilo gold bar was fixed at FFr 42,700 per kilo ($315.72 per ounce) in the afternoon, compared with FFr 42,850 ($316.66) in the morning, and FFr 43,000 ($318.51) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM17,400 per kilo ($299.92 per ounce), compared with DM17,590 ($303.38) previously.

	July 12	July 18
Gold Bullion (fine ounce)		
Close	$298¾-299½ (£129.8-130.2)	$301-301¾ (£132-132.4)
Opening	$299¼-300 (£131.1-131.4)	$302-302¾ (£131.7-132.1)
Morning fixing	$300.10 (£131.335)	$303.85 (£132.070)
Afternoon fixing	$299.15 (£130.235)	$302.150 (£132.145)
Gold Coins, domestically		
Krugerrand	$309½-310½ (£134-135)	$311-310 (£136¼-137¼)
New Sovereigns	$77½-72½ (£33¾-34¾)	$79-81 (£34¾-35¾)
Old Sovereigns	$105-107 (£45¾-46¾)	$105½-107½ (£46¼-47¼)
Gold Coins, Internationally		
Krugerrand	$308½-310½ (£134-135)	$311-313 (£136¼-137¼)
New Sovereigns	$77½-79½ (£33¾-34¾)	$79-81 (£34¾-35¾)
Old Sovereigns	$105-107 (£45¾-46¾)	$105½-107½ (£46¼-47¼)
$20 Eagles	$420-423	$422-425
$10 Eagles	$235-240	$240-244
$5 Eagles	$172-178	$173½-177½

MONEY RATES

NEW YORK	
Prime Rate	11.5
Fed Funds	10.5
Treasury Bills (13-week)	9.26
Treasury Bills (26-week)	9.28
GERMANY	
Discount Rate	5
Overnight Rate	5.45
One month	6.15
Three months	6.8
Six months	7.20
FRANCE	
Discount Rate	9.5
Overnight Rate	9.25
One month	0.6875
Three months	9.9375
Six months	10.4375
JAPAN	
Discount Rate	4.25
Call (Unconditional)	5.5625
Bills Discount (three-month)	6.375

Early Wall St. mixed after Blue Chips rally

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—20% (22%)

Effective $2.940 5¾% (6¾%)

Stocks turned mixed on Wall Street after an initial firming trend that extended the late rally by Glamour and Blue Chip issues on Wednesday.

The Dow Jones Industrial Average receded 1.87 to 826.71

Closing prices and market reports were not available for this edition.

at 1pm. Advances led declines six to five on volume of 12m shares.

With no new factors in the market, stocks continued to react to news of individual issues and to uncertainly generated by President Carter's energy message and the offer to resign by his top aides.

Selling presure on stocks was eased by a steady tone for the dollar in overseas markets. A White House statement was expected.

Three major chemical producers reported higher second-quarter profit. Monsanto lost a fraction. Union Carbide was up slightly and Du Pont was unchanged at $39⅜.

Kaiser Steel, which reported significant steelmaking losses in the second quarter, slipped ⅜ to $35⅜. Maryland Cup rose $1.00 to $29⅞ xd. Kraft said it was holding preliminary merger talks with Maryland Cup. Kraft, which also reported higher second-quarter net, eased ⅛ to $46⅞.

Mountain Fuel Supply dropped 1½ to $27⅞. The Utah Supreme Court refused to rehear a suit that granted Utah regulatory authorities jurisdiction over Mountain Fuel's non-utility oil operations.

Seaboard World Airlines and Tiger International agreed in principle to merge. Seaboard added ⅜ to $13.00 and Tiger ⅛ to $21⅜. Bausch and Lomb held merger talks with Cooper Laboratories. Bausch jumped 2⅝ to $43⅞ and Cooper ½ to $21⅜.

Bristol-Myers and American Can both shed fractions on news of higher second quarter net, but Rockwell International added ¼ to $37½ after news of higher fiscal third-quarter profit.

American Stock Exchange prices firmed in light trading.

Active Resorts International "A" rose 1⅞ to $45⅞. McCulloch Oil ⅛ to $6⅞ and Federal Resources ¼ to $7¼. Amdahl added ¼ to $25⅜ due to a small second-quarter profit, exceeding its forecast of break-even results.

Canada

The market turned mixed in quiet trading as the Toronto Composite Index rose one point to 1,551.8 at noon. Declines outnumbered advances 154 to 145.

Inco fell ⅛ to C$21⅜ as the company reported lower earnings.

Oils were on the downturn as Dome Petroleum, active on 47,650 shares, fell ⅞ to C$44⅞. Home Oil "A" lost ¾ to C$60⅞, Imperial Oil "A" ⅜ to C$34⅞ and Numac Oil ¼ to C$36⅛.

Among Gold issues, Campbell Red Lake fell ⅝ to C$22⅜, while Kerr Addison, at C$10⅞, and Dickenson Mines, at C$8⅞, slipped ⅛.

Volume was 185,894 shares compared with 1,783,876 in the previous session.

In Montreal, share prices were mixed in quiet trading as three of five leading indices advanced.

Banks were on the upturn, with Bank of Montreal at C$24⅞ and Bank of Nova Scotia C$24⅞ rising ⅛, while Royal added ⅜ to C$43⅛.

Papers advanced with Abitibi at C$18⅛ and Macmillan Bloedel at C$28⅛ gaining ⅜, while Domtar edged ⅛ higher to C$26⅛.

Volume was 185,394 shares compared with 191,346 on Wednesday.

Germany

Share prices closed narrowly mixed. Some leading issues gained, while others reacted slightly to Wednesday's highly buoyant mood.

BMW, which on Wednesday led the market DM 14 higher, today eased DM 2.00, with Daimler and VW also showing losses. In chemicals, Bayer and Hoechst gained ground, while BASF eased.

Bankings were firmer in generally lively trading. Karstadt gained DM 3.00, but Horten shed DM 1.00. Electricals were little changed.

On the domestic Bond market, trading was quieter than the previous day.

Public Authority loans were in demand and firmed up to 30 pfennigs, enabling the Bundesbank to sell DM 65m of paper in open-market operations after sales of DM 115m on Wednesday.

Mark-denominated foreign loans firmed up to 50 pfennigs.

Brussels

Shares closed mixed in moderate trading.

Societe Generale de Belgique rose with news that its 1979 dividend would at least be unchanged.

Electrobel, AFEC, Wagon-Lits, Tessenderloo and Cometra also gained. Electrafina, Union Miniere, Hainaut Cambre Sofina and Mosane were down. Gold Mines also eased.

Among foreign stocks, British shares softened, Dutch and U.S. rose, while Canadian and French were mixed. Petrofina and American Petrofina rose.

Tokyo

Share prices closed slightly lower in mixed trading after late profit-taking pared early gains.

The market average fell 1.00 to close at 6,180.30, with volume of 350m shares. The Tokyo Stock Exchange Index closed 0.31 up at 439.01.

Energy-related issues closed lower on profit-taking. Liquidations and export-oriented Blue Chips also finished lower in the absence of fresh market factors.

Non-Ferrous metal issues rose, reflecting a rise in international gold prices. Sumitomo Metal Mining rose Y4 to Y159 and Furukawa Mining Y3 to Y213.

Chemicals also firmed, with Sumitomo Chemical rising Y4 to Y128 and Tokuyama Soda Y8 to Y279. The Second Market closed higher with a volume of 8m shares.

Hong Kong

The market rose sharply in hectic trading, but finished below the day's highs on heavy profit-taking towards the close.

The Hang Seng Index was up 9.22 to 567.05.

Blue Chips led the rise, with the market at one stage registering a 13-point gain. Properties buoyed with the news of a government home-ownership scheme for civil servants, but later levelled off after a Sun Hung Kai report forecast an oversupply of small flats later in the year due to high interest rates and rising costs.

HK Wharf rose 75 cents to HK$33.50, Jardine Matheson 40 to HK$11.30, Hutchison Whampoa 7.5 to HK$4.82, Swire Pacific "A" 5 to HK$8.00 and HK Electric 2.5 to HK$4.50. Wheelock "A" were unchanged at HK$3.35.

Banks also firmed on market anticipation of a rise in local interest rates, with Hang Seng Bank up HK$5 to HK$82.00.

HK Land rose 10 cents to HK$7.55, while Sun Hung Kai Properties and Cheong Kong were both up 10 cents to HK$10.70 and HK$12.90 respectively. Swire Properties and Associated Hotels both rose 2.5 cents to HK$3.40 and HK$2.97.

Johannesburg

Gold shares eased across the board in fairly quiet trading after lower bullion indications.

Australia

Shares prices closed mixed, with mining stocks boosted by some large sales.

Gold stocks eased, reflecting falls in Sydney futures prices, and the uncertain U.S. energy and political situation.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.

♥ Pta 500 denom. unless otherwise stated.

♣ DKr 100 denom. unless otherwise stated.

⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ‡ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

NEW YORK

Stock	July 18	July 17
Abbotts Lab	33	33¼
AM International	15	15¼
Adobe Oil & Gas	31	29¼
Aetna Life & Ca..	31¾	31½
Air Products	33⅛	33⅝
Alcan Aluminium	33⅞	33⅝
Alcoa	51½	51½
Alleg. Ludium	12¾	19¼
Allegheny Power	17⅞	18
Allied Chemical	33⅛	34⅛
Allied Stores	24	24⅛
Allis Chalmers	35	34¾
AMAX	37⅛	38½
Amerada Hess	42½	41¼
Amer. Airlines	10¾	10⅞
Amer. Brands	52⅝	50½
Amer. Broadc'st	42½	41½
Amer. Can	40¼	40½
Amer. Cyanamid	23	23
Amer. Dist. Tel.	21⅛	21
Amer. Elect.Pow	22	22
Amer. Express	33	33¼
Amer. HomeProd	26⅝	26⅞
Amer. Medical	28⅝	22
Amer. Motors	6⅝	6½
Amer. Nat. Res	43½	43¾
Amer. Standard	48⅝	49⅝
Amer Stores	57	57⅝
Amer. Tel. & Tel.	57½	57⅛
Ametek	58½	36¼
AMF	16⅞	17
AMP	34¾	35¼
Ampex	13	14⅞
Anchor Hocking	16⅝	16⅝
Anheuser Busch	22⅛	22¼
Armco	21⅝	21⅝
A.S.A	26⅞	26⅞
Asamera Oil	14⅞	13⅛
Asarco	18¼	18½
Ashland Oil	38	37½
At. Richfield	65⅛	64⅞
Auto Data Pro	33⅛	33¾
AVC	11⅝	11⅝
Avco	21½	22¼
Avon Products	47	47¼
Baker Intl	44¼	44⅛
Balt. Gas Elect.	24¼	24¼
Bangor Punta	23	25½
BankAmerica	26⅞	26⅞
Bankers Tr. N.Y.	42⅛	41⅞
Barber Oil	38¼	37½
Basic Resources	7	7
Combustion Eq	14	14½
C'm'th Edison	23⅞	24
Compugraphic	36⅝	42¼
Comm. Satellite	43⅝	44⅝
C'mputer Scienc	13	13¼
Conn Life Ins	37⅛	37⅝
Conrac	16	16⅛
Con. Edison NY	84¾	24¾
Consol Foods	23⅝	23⅞
Consol Nat. Gas	42	42
Consumer Power	22⅛	82¼
C'ntinental Gr'p	28⅛	28¼
Continental Oil	38½	38⅞
Continental Tele	16¾	16⅝

Stock	July 18	July 17
Control Data	41	41¼
Cooper Indus	35½	35½
Corning Glass	58½	59¼
CPC Int'rnation'l	52⅛	52¼
Crane Co	29½	30⅛
Crocker Natl	30⅝	31
Crown Zellerb'n	35¼	33⅜
Cummins Engine	34½	35½
Curtiss Wright	14⅝	14⅞
Dana	27⅝	27¾
Dart Industries	44½	44½
Deere	37½	38⅜
Deltona	11½	11¾
Dentsply Int	14¾	14⅞
Detroit Edison	14⅛	14⅞
Diamond Shmrk	24⅝	24⅝
Di Giorgio Corpn	11½	11½
Digital Equip	54	53⅝
Disney (Walt)	36½	35
Dover Corp'n	56	54¾
Dow Chemical	25⅝	26¼
Dravo	31½	32
Dresser	49⅛	50
Dupont	32⅝	39½
Eagle Picher	21½	21⅝
Eastern Airlines	7⅝	7¾
Eastman Kodak	53½	53½
Eaton	38¾	40
E.G. & G.	35⅛	35¾
El Paso Nat. Gas	20¾	21⅝
Eltra	51	51
Emerson Electric	32½	32⅞
Emery Air Freight	20¼	21
Emhart	34½	33¼
E.M.I.	2⅝	2⅜
Engelhard	33⅞	33⅞
Esmark	25¼	26⅛
Ethyl	27	26½
Exxon	53⅛	53⅜
Fairchild Camera	65⅝	63⅝
Fed. Dept. Stores	29	28¾
Firestone Tire	12	12
First Chicago	18	18
Fst. Nat. Boston	22	22⅛
Flexi Van	15⅝	15¾
Flintkote	38⅛	38¼
Florida Power	29⅞	30¼
Fluor	53⅝	53⅛
F.M.C.	28	27¾
Ford Motor	41½	40⅞
Foremost Mck	21¼	21⅝
Foxboro	40	40⅛
Franklin Mint	7⅞	8

Stock	July 18	July 17
Johns Manville	24⅞	25
Johnson Johnson	71½	71¼
Johnson Control	27¼	97¼
Jostens	19⅝	12⅝
Joy Manufacturg	33⅞	34¼
K. Mart	25⅝	25⅝
Kaiser Alumini'm	18⅛	18⅛
Kaiser Industries	2⅛	2¼
Kaiser Steel	36	33⅝

Stock	July 18	July 17
Revlon	46⅝	46¼
Reynolds Metals	33¾	33½
Reynolds (R.J.)	58⅛	58⅛
Rich'son Merrell	22½	21½
Rockwell Inter	37¼	37⅜
Rohm & Haas	39⅞	40⅛
Royal Dutch	72½	70⅝
RTE	10½	10⅝
Ross Togs	10	9⅞

Stock	July 18	July 17
Williams Co	20⅞	21
Wisconsin Elect	26⅜	26¼
Woolworth	25½	24¾
Wyly	5¾	5½
Xerox	60¼	60⅛
Zapata	18⅝	18⅝
Zenith Radio	12⅝	12⅝
U.S. Treas. 4% 80	†87	†97
USTreas4¼%75/85	†84½	†84½
U.S. 90 day bills	9.21%	9.29%

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Banks Ltd.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Julian S. Hodge	15 %
American Express Bk.	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Henry Ansbacher	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	14 %	London Mercantile	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Brit. Bank of Mid. East	14 %	P. S. Refson & Co.	14 %
■ Brown Shipley	14 %	Rossminster	14 %
Canada Perm't Trust	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cayzer Ltd.	14 %	Schlesinger Limited	14 %
Cedar Holdings	14 %	E. S. Schwab	15 %
■ Charterhouse Japhet	14 %	Security Trust Co. Ltd.	15 %
Choulartons	14 %	Shenley Trust	16 %
C. E. Coates	14 %	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	*14 %	Trustee Savings Bank	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
Credit Lyonnais	14 %	United Bank of Kuwait	14 %
The Cyprus Popular Bk.	14 %	Whiteaway Laidlaw	14½%
Duncan Lawrie	14 %	Williams & Glyn's	14 %
Eagil Trust	14 %	Yorkshire Bank	14 %
English Transcont.	14 %		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 11½%, 1-month deposits 11¾%.

† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.

‡ Call deposits over £1,000 11½%.

§ Demand deposits 11½%.

FINANCIAL TIMES SURVEY

Friday July 20 1979

FROZEN FOODS

Despite static demand in the UK food market in general, the frozen food sector is now poised for more rapid growth, with sales likely to reach £1bn a year by 1980.

Market prospects have improved

By David Churchill

Consumer Affairs Correspondent

ALTHOUGH THE total UK food market continues to look sluggish in terms of volume growth, the frozen food sector of the industry appears to have regained much of its growth momentum.

In 1978, the frozen food market grew by two per cent in terms of volume and nine per cent in sales value—making the market worth some £790m. This reversed the 4 per cent volume decline in 1977—largely a result of the economic recession and the 1976 drought—and market estimates suggest that frozen foods are now poised for more rapid growth than in the past few years.

Birds Eye, in particular, is predicting an average three per cent volume growth rate during the early 1980s with the market reaching £1bn in 1980 and likely to top £1.4bn by 1983.

Although such growth—even allowing for inflation—is still a good deal below the 9 per cent per year growth in real terms during the early 1960s, its value must be set against the static demand for food overall. While volume sales of food showed a slight increase last year, they are still below the 1971 level and the industry is not optimistic about much volume growth in food generally in the early 1980s.

But in the shorter term at least, the frozen foods sector received a boost from last winter's industrial unrest and severe weather.

The cold weather disrupted supplies of fresh vegetables—thus boosting demand for frozen vegetables—while the panic-buying associated with the lorry drivers' strike tended to benefit freezer centres and the larger supermarkets which had ample stocks of frozen foods.

The improved outlook for frozen foods over the next few years reflects a number of factors which influence the market. The growth can also be seen as another stage in the overall development of frozen foods since they became a commercial reality nearly five decades ago.

The UK frozen food market began some 45 years ago when companies in the fishing industry, such as Associated Fisheries, began applying deep freezing techniques to fish. This new method of keeping fish fresh was gradually applied to vegetables, as well.

In the 1940s, Unilever gained control of the Birds Eye name outside the U.S. but it was not until the early 1950s—when the open top freezer cabinet was introduced—that the market began to grow. By 1956, about 20,000 open-top freezers had been installed in retail outlets, which then rose to 130,000 by 1966.

Moreover, in the 1960s the domestic deep freezer became more commercially available—and associated with this was the rapid growth of specialist freezer centres. But by the 1970s, the early growth rate of home freezers and frozen food sales in general began to slow down as the market became larger.

Consumers also became more wary of the extragagant claims being made for cost-savings through bulk buying of frozen foods. And the rapid number of new companies — eager to join a growth industry — entering the market in the late 1960s and early 1970s also saw a glut of grozen foods on the market of varying quality. Frozen vegetables, which form the bulk of the frozen food industry, in particular, suffered from poor quality control from some producers.

Moreover, the economic pressures on consumer spending in the mid-1970s meant that housewives were no longer willing to fill a large chest freezer full of frozen foods — with the result that large bome freezers became increasingly uneconomic to run.

Signs

But there are now signs that this period is at an end for the frozen food industry. The declining real profitability from frozen foods meant that the new entrants to the market did not remain, while the established majors such as Birds Eye, Ross and Findus persevered to improve the quality image of frozen foods.

Moreover, a marked trend became apparent for consumers to prefer small freezers — or fridge/freezer combinations — and to buy much smaller quantities. While the bulk-buying benefits were increasingly disbelieved by consumers—despite protests by manufacturers of large freezers — it became clear that the convenience of frozen foods was becoming a key factor. This was especially so as more housewives went out to work.

Leading frozen food companies see meat products as one of the strongest growth areas in the business. Above: Meat preparation at Birds Eye

Sales of prepared, or "convenience" foods, such as cook-in-bag casseroles and cod-in-sauce, are growing by 10 per cent per year.

The increased demand for frozen foods by consumers has been reflected in the greater space devoted by the major supermarket multiples—which dominate food distribution in the UK—to frozen foods. As the major multiples increase their sales space for frozen foods, then demand also grows.

The greater buoyancy for frozen foods can be seen from the main product areas. Frozen vegetables remain the biggest single frozen food product and, since 1973, the consumption of frozen vegetables excluding potatoes has risen by 25 per cent. At the same time total vegetable consumption has risen by only 9 per cent.

Also, since 1973, total potato consumption has fallen by 4 per cent while the use of frozen potato products has increased by 51 per cent.

Although total fish consumption continues to decline—down by 10 per cent since 1973—frozen fish sales have risen by 11 per cent over the same period. But the real growth market for frozen foods is in meat and related meat products and cakes and deserts. In 1978, sales of frozen meat products were up by 62 per cent on the 1973 level, while cakes and desserts rose by 50 per cent over the same period.

Birds Eye, in particular, is looking to meat products, cakes and desserts as the main growth areas over the next five years. The group believes that the trend will be accelerated by social changes in eating, as well as the shift to more snacks and fast foods.

Birds Eye also predicts that ethnic foods will continue to show a longer-term growth, but fads in health foods and slimming are less pronounced, it says, with the trend towards concern for a more balanced diet.

Ross agrees that convenience foods will ocntinue to expand. Mr. Howard Phillips, Ross sales and marketing director, also sees the caterer moving increasingly into frozen foods.

"As one of the largest food suppliers to the caterer, Ross estimates that about 14 per cent of all food purchases in this sector are now accounted for by frozen foods—and this share is steadily growing," he says.

But the problem facing the frozen food manufacturers—along with all food processors—is being able to make an adequate return from their investment. Although frozen food sales are outperforming the rest of the sector generally, there is still the inescapable fact that for much of the 1970s, the frozen food companies have been chasing sales and market shaer at the expense of profitability.

Mr. Don Angel, the now chairman of Birds Eye, comments that as far as the frozen food industry is concerned, "I doubt whether the real return on investment was higher than 4 per cent in 1978, and I do not think 1979 is likely to be any better."

The Inter Company Comparisons research group point out that Birds Eye and Findus have suffered from declining profit margins and return on capital. In the 1960s, ICC says that Birds Eye had a 60 per cent market share, although since then its brand leadership was seriously eroded. This has come about mainly as a result of fierce competition from the Nestlé subsidiary, Findus, as well as the Imperial Group subsidiaries, Ross and Young's.

There are now about 350 frozen food companies in the UK, although Birds Eye still remains the biggest.

Confidence

Mr. Angel makes clear that the historically low profitability for frozen foods makes it difficult to justify major investment decisions. However, he says that Birds Eye has the confidence to invest in the future—"We are in the midst of extensive investment programmes at our factories and are investing over £200m in new technology," he adds.

For Birds Eye, therefore, and the rest of the frozen food industry, the key question in the 1980s will be whether the fresh investment to meet changing product technology, allied to the growth in consumer demand for frozen foods, will be reflected in rising profitability. Otherwise, the fierce competition that has gripped most of the food manufacturing industry in recent years could lead to rationalisations in the frozen food sector as well as elsewhere in the food industry generally.

Changing retail patterns

IN FROZEN food retailing, as in general grocery retailing, there seems no balt to the inexorable growth of the major supermarket multiples in iocreasing their dominance of the market.

Just as the multiples are squeezing the Independent grocer out of the High Street, so the multiples are also pntting pressure on the numerous small grocery outlets selling frozen food. In addition, the multiples are also boosting their share of the frozen food market, at the expense of the specialist freezer centres.

Figures published by Birds Eye show that the multiples' sbare of the frozen food market jumped from 40 per cent in 1977 to 45 per cent in 1978. At the same time, the sbare of the market enjoyed by specialist freezer centres slipped back from 19 to 18 per cent, while the co-operative store's share dipped marginally from 12 to 11.5 per ceot.

Voluntary symbol groups lost one per cent of the market to account from some 8 per cent in 1978, while other independeot grocers showed a comparable decline, falling from a share of 7 per cent in 1977 to 6 per cent last year. The share taken by all other outlets fell from 13 per cent to 11.5 per cent.

The increasing domlnance of the multiples was also reflected in the continuing decline in the number of shops selling frozen food. Birds Eye estimate that the number of outlets declined in total by 7,000 last year, leaving some 93,000 frozen food outlets throughout Britain. Of this total, 1,100 are the specialist freezer centres whose numbers have remained constant for the last five years—indicating that the boom in freezer centres in the late 60s and early 70s has clearly stabilised.

The overall decline in outlets, however, has clearly come at the expense of small grocers whose numbers have declined by about 3,500 over the past year, while the number of supermarkets has marginally increased. Birds Eye expect the number of outlets selling frozen food to fall even further over the next five years, possibly by as many as 25,000. However, Birds Eye believe that the losses this time will come from the middle-ranking High Street supermarkets which are the next most vulnerable after the decline of the small grocer.

Birds Eye expect that the shake-out of small, uneconomic grocers—which has been going on throughout the 1970s—will stabilise, with those shops that remain adopting a far more professional approach and fulfilling an important convenience role in sbopping patterns.

However, at the same time it seems likely that the contiouing trend to largar superstores will mean a greater concentration of sales througb such outlets. Birds Eye expect that by 1983 there will be approximately 400 superstores which will account for over 15 per cent of total frozen food sales—about the same as 1,000 specialist freezer centres.

The dominant group among specialist freezer centres is Bejam, with a chain of more than 150 specialist freezer centres. Bejam, along with the other specialist freezer centres, benefited enormously from the lorry drivers' strike last winter which led to sharp panic buying with tinned and perishable foods becoming in short supply. Bejam suffered very little trouble with its distribution network in January with 5m cubic feet of cold storage facilities and was well-placed to meet the exceptional deoland for frozeo food and frozen vegetables in particular.

Even after the panic buying was over, sales returned to their normal level—suggesting that freezer centres managed to recruit new customers during the winter. However, this obviously was also of benefit to the freezer centres of the multiples.

Stockbrokers Rowe and Pitman point ont in a circular that J. Sainsbury is probably Bejam's chief competitor among supermarket multiples. The stockbrokers point out that Sainsbury has 18 independent freezer centres and 66 in-store departments. Market research indicates that some 30 per cent of Bejam's customers also shop at Sainsbury, and Bejam shares more common factors with Sainsbury than with any other multiple. Rowe and Pitman suggests that this may be partly because both are predominantly southern-based groups.

While Bejam still bas plenty of room for expansion within the specialist freezer centre sector—even if the sector as a wbole has stabilised, there is still room for growth at the expense of less - successful freezer centres. Bejam is also moving into the associated fast-food or take-away market through its "Trumps" chain.

Although supermarkets have increased their dominance of the frozen food retailing, there are still suggestions that many supermarkets fail to realise the full profits potential from frozen foods. Intense price-cutting on lead lines such as peas, fish fingers and beef-burgers, often leads to a distortion in cabinet displays. More space is given to the front line products at the expense of other lines which could be more profitable—and sales of which can produce real volume growth in the market.

Profits

When supermarkets increase their selling space overall, they usually stock more up-market and slower-moving lines which nevertheless carry mucb higher profit margins. Paradoxically, however, some supermarkets which increase their allocation of space for frozen foods often devote the extra space to a multipilcity of cheaper brands. While these may be important in terms of volume sales, their inclusion does not improve the profitability per square foot of selling space.

Duplication of brands, believes Birds Eye, is a mistake if the ranges offered by manufacturers are similar. The only real exception to this rule is where a retailer has a good own-label to offer as an alternative to the main brand.

Althongh frozen vegetables remain the single largest product group within the frozen food market, their profitability ls not that high for retailers. The growth markets are meat and meat products, and cakes and desserts.

Retailers also are apparently reluctant to take too long-term a view of the market and invest substantially in back-up facilities such as storage space. However, as the importance of increasing overall store profitability through frozen foods becomes clear, then retailers are prepared to devote more investment into frozen foods. At present, only between 5 and 8 per cent of selling space is devoted to frozen foods.

But the continuing multiple grocer's dominance of the frozen food sector, therefore, will lead to all grocers accounting for about 80 per cent of total sales within the next five years, compared to today's 70 per cent.

David Churchill

Demand for smaller freezers

THE POPULARITY of domestic freezers continues to grow, according to latest market estimates of the freezer industry. These show that some 40 per cent of UK homes now have a freezer—an iocrease of 5 per cent on 1977—while market penetration is expected to reach 55 per cent by 1983.

Market research shows that freezer ownership is now strongest in the C2 socio-economic group and among families with children. On a regional basis, London, the south-east and Anglia—where freezer ownership has been longest established—are still leading the field. But the fastest growth is in the Yorkshire region where 36 per cent of homes now own a freezer.

However, the major movement within the freezer market within the past few years has been the trend towards smaller freezers.

Large freezers are certainly not as popular as once they were and, increasingly over the last few years, the trend has been towards smaller appliances and particularly fridge-freezers: 27 per cent of owners now have a fridge-freezer, 28 per cent an upright and 45 per cent a chest freezer. Again, the regional picture differs from the national scene and in one "emergent" region, Tyne Tees, more fridge-freezers are owned than any other type.

The fact that fridge-freezers now outsell all other models—and are likely to continue so to do—inconfirmed by the leading domestic appliance manufacturers. They anticipate growth in sales of small freezers (8 cubic feet and less) which will be bought by housewives who already have modern refrigerators and no available kitchen space to devote to a larger model.

It seems likely that one of the main reasons for this switch to smaller freezers has been greater consumer sophistication in the use of a freezer. When freezers first were introduced, it was the cost-savings that could be achieved from large bulk purchases which were seen as a major selling point.

However, cousumers have now become more aware that buying a wider range of frozen foods is a more effective use of a freezer than bulk-buying of fish fingers or beef burgers.

Thus, there is a clear trend towards smaller packs, in line with the trend towards smaller freezers. More than half of freezer owners' frozen foods is now bought in packs of 2 pound or less. Even in vegetables, which are the traditional stronghold of the large bulk pack, some 60 per cent of purchases are in small sizes.

Market

The significant point about ownership statistics is that freezer owners buy more frozen food than non-owners. In 1978, according to the Birds Eye Business Report, published earlier this year, freezer owners spent £290m on frozen food. This represents 48 per cent of the £605m market for frozen food consumed in the home (55 per cent in volume terms). In a situation where future volume growth is a matter of concern to Britain's frozen food manufacturers, increasing freezer ownership may well be their only real cause for optimism.

As freezer owners grow in numbers, so, too, does the proportion of their expenditure on frozen food accounted for by grocery freezer departments. Predictably, the owners of small freezers and fridge-freezers shopped most in grocery freezer departments, but even chest freezer owners bought half their frozen food from grocers in 1978.

Last year, Britain's 1,100 freezer centres accounted for a slightly smaller percentage of freezer owners' expenditure on frozen foods than they had in 1977, their share slipping from 35 per cent in that year to 34 per cent in 1978.

The advent of the freezer centre brought about a proliferation of smaller brands, most of which were able to undercut the leading manufacturers. The major producers suggested at that time that some of these small competitors harmed the frozen food industry in the early days by selling large packs of low-grade merchandise, thus alienating the freezer owner who found the quality unacceptable. Today, however, smaller brands and own-labels, in particular, do well in freezer centres and, while Birds Eye claims to be the best-selling brand in this sector, its share is nothing like as large as the 48 per cent of frozen food sales through grocery outlets for which it accounts.

While frozen food manufacturers generally have benefited from the home freezer boom, no group has had a change in fortunes comparable to that experienced by Britain's ice cream producers.

Home freezer owners eat 62 per cent of all take-home ice cream. The amount sold through grocery and freezer centre outlets rose by nearly 20 per cent in 1978, according to Wall's.

A survey conducted by Wall's last year also revealed that nine out of 10 freezer owners buy ice cream and that, whilst 75 per cent of them claim to eat it two or three times a week or more in the summer, 40 per cent said that they ate it just as often in winter.

But the outlook for the major producers has become clouded by competition from own-labels and regional brands, which is probably more fierce where ice cream is concerned than in any other sector of the frozen food industry.

Taking frozen food sales in general, it is on large packs that the price differential between manufacturers' brands own-label is most apparent. If the long-term trend is, in fact, towards smaller packs, then it seems unlikely that the challenge to the major brands from own-label will increase. Such down-trading as exists among freezer owners is confined, in the main, to vegetables and is less apparent with the prepared foods on which the leading manufacturers are concentrating their efforts.

Until about a year ago, Birds Eye, when issuing their annual updates on freezer ownership statistics, used to refer to freezer-owning households as "freezer families"—the implication being that they were an easily identifiable group with a discernibly different lifestyle.

But the latest Birds Eye *Business Report* concludes that this is no longer the case since, as a freezer becomes something that most people use, it will have no more significance to them than any other domestic appliance.

Whether or not the recent increase in VAT will have any effect on sales of freezers remains to be seen, but most industry observers think it unlikely.

That being so, Birds Eye believe that 55 per cent of homes will have freezers by 1983 and account for 67 per cent of in-home frozen food sales at a time when the total market will be worth, in their view, £1,400m.

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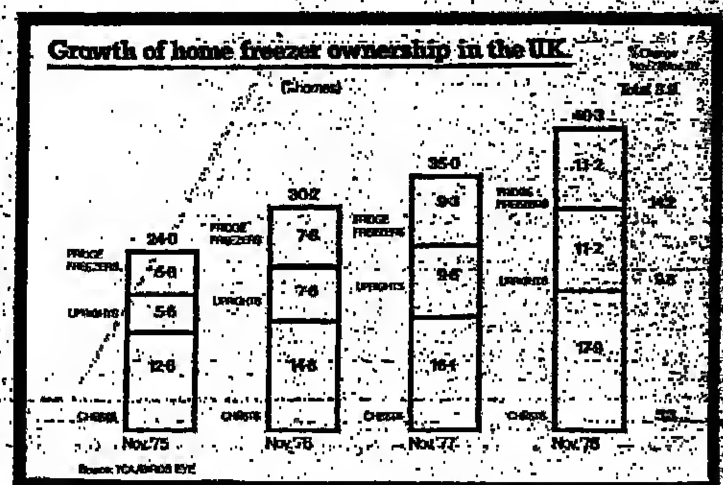

UK SALES OF HOME FREEZERS

Showing households owning freezers, 1973-78 (units 000s)

	Freezers	Fridge/freezers	Total	Households owning (%)
1973	812	150	962	13.6
1974	714	294	1,008	19.3
1975	851	393	1,224	26.0
1976	832	428	1,260	32.2
1977	755	574	1,329	37.0
1978	564	593	1,157	40.5

Source: Based on National Food Survey data.

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Optimism among ice cream manufacturers

HE RECENT spate of warm veather has had shirt-sleeved xecutives from the major ice ream manufacturers virtually ubbing their hands with glee although the overall level of onsumer spending and the skill f marketing techniques play n important part in determin- ig the level of ice-cream sales, good summer can make all the ifference to the industry's per- ormance.

The long hot summer of 1976, r example, saw ice cream sales each a record level of 312m tres—a level which the ndustry has yet to see repeated.

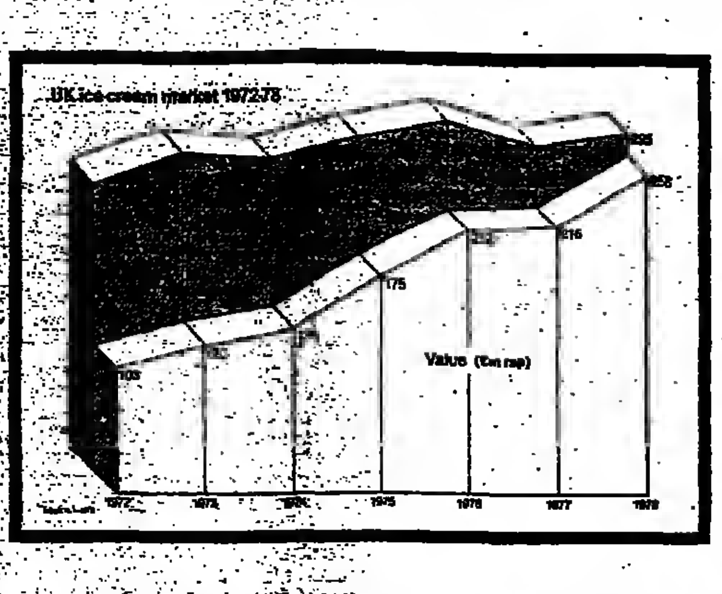
But if these executives respon- ible for ice cream sales are nxiously studying the weather recasts, the managements sponsible for the frozen cakes od desserts market are hardly orrying. Frozen fresh-cream akes, desserts and other bakery roducts for in-home consump- on are claimed to be the astest growing sector of the ozen food market.

In absolute terms, however, e market for ice cream is still bout four times the size of the ozen cakes and dessert mar- et. According to Wall's, the ice eam market was worth some 258m in 1978, while Birds Eye y that the cakes and desserts ector has a value of £63m.

ncrease

Since 1972 the ice cream arket in Britain has increased volume by about a third. The arket dropped in 1974 and 77 but the basic trend is one growth at a time when the verall food market is not owing. Mr. Dick Bourchier, les director of Wall's Ice eam, suggests that "this kes ice cream a member of a ly exclusive club. Not many ducts in the food market can ke similar claims about tained volume growth."

Although the weather is viously the key determinant exceptional ice cream sales; industry's improved per- mance last year during a bad nmer shows that it need not the sole criteria for success. st summer's weather saw 20 cent less sunshine than usual 10 per cent more rain—yet es by both volume and value improved over the previous year. In volume terms, the market grew by 7 per cent from 275m litres (where it had slipped after the exceptional level reached in 1976) to reach 295m litres. In value the market increased by 19 per cent from £216m to £258m.



The market's growth in spite of the weather was probably thanks to the buoyant level of consumer spending generally. Average earnings rose by approximately twice the level of retail prices last year and personal disposable income grew by 5.3 per cent in real terms, compared with a drop of 1.5 per cent in 1977.

But there were several other factors which contributed to the higher sales. Much of the volume growth last year was the result of higher sales through supermarkets and specialist freezer centres which together boosted their ice cream sales by some 19m litres—approximately the same as for the overall market growth.

The reasons for the multiples and freezer centres increasing sales by so much is largely that they are the main source of frozen foods for freezer owners. Freezer owners eat twice as much ice cream on average as non-owners and freezer owners are also less likely to be affected by the weather in their decision to buy ice cream, since they buy some time before consumption. Moreover, freezer owners are more likely to buy frozen foods such as ice cream when their disposable income increases.

Walls points out that freezer ownership during 1978 increased from 38 per cent of households to 44 per cent, adding another 700,000 households to this group of heavy ice cream consumers. Because of their higher year-round consumption of ice cream, purchases by freezer families help to offset seasonal effects on sales.

Equally important, however, was the fact that the increase in sales through multiples and freezer centres did not come at the expense of other sectors of the market. Volume sales through sweet shops and other major outlets held their own while sales through caterers actually increased for the first time in several years.

Other factors behind the higher sales were the rise in cinema audiences—traditionally substantial purchasers of ice cream—and higher sales through other leisure outlets such as bingo halls and theatres. More homes also became centrally heated, which obviously makes ice cream consumption at home more attractive.

The ice cream market is split between impulse sales—which account for some 36 per cent of the market—the traditional take-home segment with 28 per cent, and bulk sales accounting for 24 per cent. The rest of the market is made up of minor sectors such as impulse-buy multi-packs of ice cream.

The two main companies in the industry are Walls, which is owned by Unilever and Lyons Maid. Together these two companies have nearly three-quarters of the UK market.

Both Lyons and Walls are at present engaged in a marketing battle for dominance of the higher priced section of the impulse market. The impulse market — ice creams you buy and eat out of doors instead of taking home — was suffering in the mid-seventies from the declining birth rate; children form the bulk of impulse buy purchasers. In addition, the closing down of many small confectioners because of market pressures meant that outlets were declining. And the growing snacks market also was hitting impulse ice cream sales.

So the major companies decided to make a bid for the adult impulse buy segment of the market. (Adults can afford to pay more for more sophisticated ice creams, so the marketing theory goes.

Research

Market research has shown that UK consumers believe that the best ice cream comes from Italy and in fact it was in Italy, in 1959, that Walls' Cornetto ice cream was first launched. Cornetto is comprised of a crunchy sugar cone, lined with chocolate to stop it going soggy, and filled with white ice cream and topped with hazelnuts and chocolate.

Throughout the 1960s the Cornetto brand was developed throughout Europe and in 1964 Walls attempted — unsuccessfully — to launch it on to the UK market. However, at that time market research showed that adults felt that it was childish to eat ice cream cornets, especially out-of-doors.

In 1970 Walls tried again—but still failed to make an impact on the market. By this time, however, social attitudes were changing and holidays abroad were more common. (This is one of the reasons for the rapid growth of Continental lagers in the UK throughout the 1970s.)

Thus in 1976, in a heat-wave, Walls again launched Cornetto in an attempt to capture the potentially lucrative adult impulse sector of the market. This time—helped by the exceptionally hot weather—the Cornetto brand took off, so much so that retailers quickly ran out of stock. The sales growth has been maintained since 1976 and Cornetto now accounts for between 12 to 16 per cent of Walls total ice cream sales and is the market leader.

Lyons hit back in 1977 with its own King Cone premium-priced ice cream. Like Walls, Lyons had previously made a bid for this market in the mid-1960s and for several years persevered with its King Cornet brand. But consumers' reluctance to buy such a higher priced premium product meant that the brand was eventually withdrawn in 1971.

Wall's head-start with its re-launch in 1976 has given it the clear edge in this market—but both companies are heavily advertising their respective products.

The competition is no less fierce in the frozen cakes and desserts market, where Birds Eye, Lyons and Ross are among the main protagonists. The key to the rapid growth in this sector is obviously the boom in home freezers and the greater willingness of supermarkets and freezer centres to stock frozen cakes.

Ross say that last year frozen retail cake sales expanded by a third and were worth £24m—with growth of a further 29 per cent forecast for this year. "For the grocery and cash-and-carry trade, cakes are prospectively one of the most attractive lines, with a high unit value and offering enormous scope to those prepared to give well-positioned display space to them," says Mr. Ian Palmer, Ross Dessert marketing manager.

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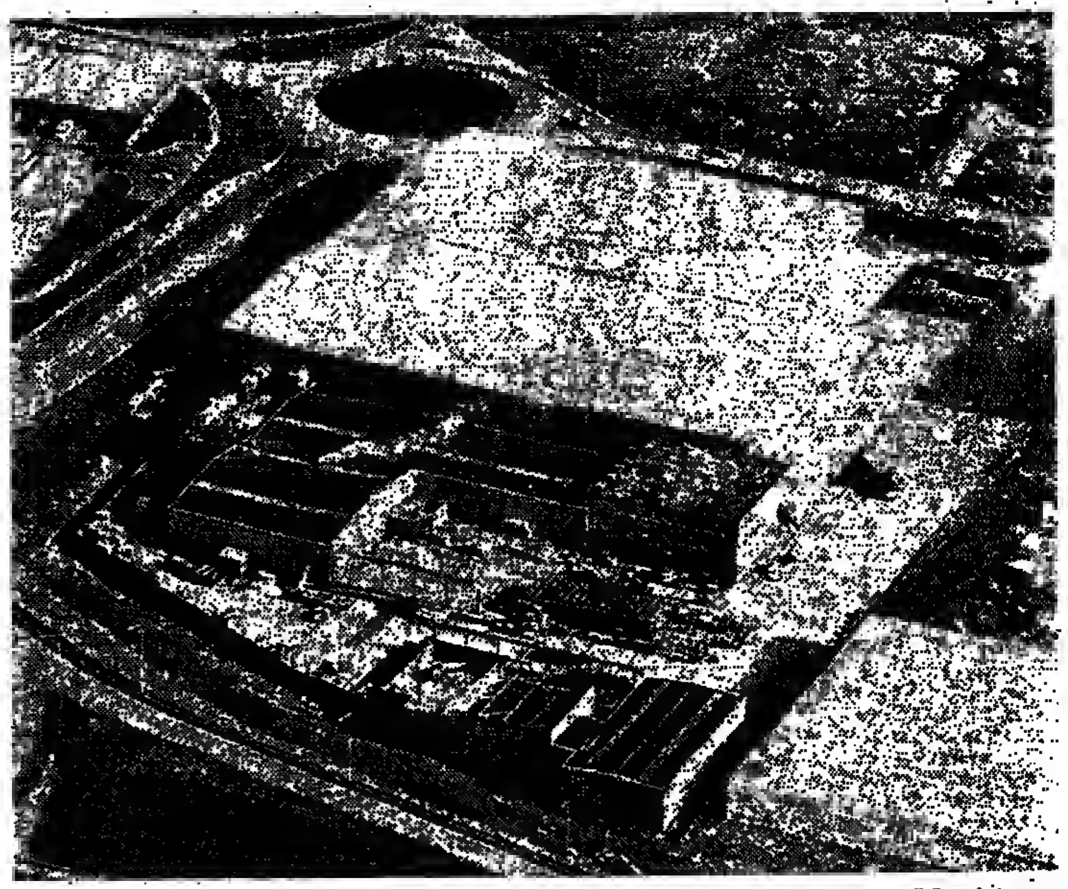

Christian Salvesen's process, storage and packaging complex at Woodston Industrial Estate, Peterborough. Designed and constructed by Smith and Partners, the 78,000 cubic metre complex can accommodate up to 18,000 tonnes of frozen foods at −29 degrees Centigrade. Around 1,000 tonnes are handled in-and-out every week

Influences on the vegetable market

TO A LARGE extent, farmers and frozen vegetable processors have to live with the same risks from annual market trends, legislation and, above all, the weather—which makes it all the more a pity that the two sides cannot co-operate more closely.

Talks started last year on a new type of pea-growing contract, under which marketing risks could be shared, but no one expects early agreement to break the pattern of yearly wrangles which disfigure relations between growers and freezers.

The last two years provide ample illustration of the problems. In 1977, there was a bumper crop of peas for freezing, and processors' unease turned to dismay when the harvest was followed by a glut of autumn and winter vegetables selling at low prices. Naturally, frozen vegetable sales suffered.

Expecting difficulties with large carry-over stocks, the freezers attempted to set things right by imposing a cut in the acreage of peas contracted for 1978, along with a price standstill. As chance would have it, the weather last year turned nasty. Disease was rife, pea-yields from smaller acreage slumped and, by September at least, one processor, Findus, was importing peas to meet its needs.

The freezers issued warnings that Britain might even run out of its favourite green peas before the 1979 crop arrived. Farmers immediately began pressing for compensation to make up for the shortages and "losses" they suffered. To make things worse, demand for scarce frozen vegetables this spring was fortified even more than usual by the disasters which overtook winter vegetable crops. And then bad weather wiped out more than half the spring and early summer greens and cauliflowers growing in the west and south west.

Not surprisingly, the farmers feel aggrieved that their contract acreages were reduced and prices frozen last season. But no one could have forecast such a reversal of fortunes.

Grievances are now to some extent allayed by processors who try to compensate growers in succeeding years' contracts. But such one-sided arrangearrangements are far from satisfactory. The freezers have been trying to persuade growers to

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Savings achieved with new technology

THE FIRST record of a commercial refrigeration process dates from Rome in the 1540s when table wine was chilled using a chemical process which involved dissolving saltpetre in water.

A market for frozen food worth £790m in the UK alone has developed from that humble beginning, with technological developments in freezing processes, cold storage, distribution and retailing providing the ways and means for the industry's expansion.

The establishment of a fool-proof system of storing refrigerated merchandise more or less indefinitely at precise temperatures has formed the basis of the industry's growth and present strength. Although the first cold stores were built in the 1880s to serve the growing frozen meat trade between Britain and Australia and South America it is really only since the 1950s that the new technology of frozen food has come into its own.

Cold store capacity in the UK has increased from about 45m cubic feet in 1945 to around 170m cubic feet today. The major cold store operators include Christian Salvesen and Frigoscandia which together operate about half of the cold store capacity in the UK.

The major development in the construction of cold stores during the last 20 years has been the design and refinement of the prefabricated insulation panel.

These panels are now used throughout the industry and have provided three main benefits in cold store construction. First, it has become possible to create clear-span chambers resulting in material handling benefits. Second, construction time and therefore cost have been substantially reduced. Third, by developing strengthened panels costly steel-work has been minimised.

Example

Among the companies to pioneer and develop the panel system in the early 1960s was Smith and Partners, a company which was established in 1874 and claims to have constructed more than 75 per cent of the cold storage capacity existing in Britain today. The development of the company's prefabricated urethane foam panel allowed clear-span chambers free from mezzanines, pillars and hollards to be built.

There are now many types of panel on the market, including Frigoscandia's own panel called Frigopanel.

A practical panel must not only have a very low heat conductivity; it must also be strong, hygienic and corrosion-free. The Frigopanel was first produced in 1970 and consists of an aluminium-polyurethane foam sandwich, the preformed outer skin of which has reinforced ribs to help it withstand considerable air pressure differentials between the inside and outside of the chamber.

The Frigopanel, first produced in Sweden, is now manufactured under licence in the UK and can be made to a maximum 25 metre length. Sales of the panel, which is "zipped" together and sealed on site, have increased ten-fold in five years.

The UK-based O'Gorman Group has also developed a sophisticated prefabricated panel system which is proving a major success not only in the UK but also in the expanding Middle East market. The company claims major advantages for its panel over competitors, including increased structural rigidity, high performance and long life.

W. H. O'Gorman Manufacturing produces the panels at the company's plant at Chandler's Ford, Hampshire, and is in the process of doubling production capacity to meet new demand resulting from a major five-year export drive which has already landed the company a £7m contract in the United Arab Emirates for three 910,800 cu ft cold stores, at present under construction, and an important foothold in the European market where the company recently completed a 750,000 cu ft cold store for Christian Salvesen at Chateau-neuf-sur-Loire in France.

The O'Gorman panels consist of SP grade Styrofoam extruded polystyrene board sandwiched between pre-stressed steel skins. The insulation core can also be made in high density polystyrene bead board and the company's plant can manufacture complete laminated panels of up to 12 metres long which need no support, vertically or horizontally, except at each end when used as ceiling insulation.

Because of the panel's structural rigidity there is a large saving in structural steelwork. This, plus the elimination of the need for cladding—the steel skin comes in a range of colours and weather-resistant finishes—has led to economies in the cost of materials and cost savings in erection times.

Range

The panels are also manufactured in a range of core thicknesses from 2 ins in a standard 4 ft-wide module to any length required. The company recently introduced a unique 12-in thick insulation panel leading to the potential for major savings in energy costs.

With fuel costs mounting, energy saving developments in cold storage may become a major feature of future design. The O'Gorman Group believes that for a 1m cu ft cold store the energy savings using the 12-inch panel could be as high as £7,500 a year—equal to more than £1 an hour on the basis of refrigeration plant operating at the norm of 18 hours a day, seven days a week.

The move by manufacturers like O'Gorman and Frigoscandia into the field of consultancy—offering a turnkey project which provides the customer with a cold store complex from design through construction, insulation, refrigeration, offices and machinery, including materials handling and other equipment—has not only opened up new markets but has also led to further refinements in cold store design.

One of the weakest links in the cold store system is the door, since this is subject to punishing use and must meet strict safety as well as operational criteria.

The O'Gorman Group has recently introduced a new automatic door system supplied for either manual or automatic operation. The door, which again employs the insulation panel, incorporates special safety features including a manual control lever which enables the door to be opened swiftly and easily should the power supply fail. Another safety feature is an "instant stop" mechanism which prevents the door from closing further if it touches anything in its path.

Automation

Further developments in the field of design will come with the advent of micro-chip technology. The trend towards greater automation is already apparent within the cold store.

The evolution of the huge clear-span store was slightly in advance of mechanical handling developments, which therefore enjoyed total freedom of growth in the cold storage industry.

Mobile racking and other in-store developments, which probably came to maturity in this industry only as recently as 1974, have now led to a greater demand for the fully-automated store. This does not yet exist—partly because of the capital costs—but market leaders are hard at work on prototypes and companies like Smith and Partners believe the first operational example may be expected within a year or so.

Other developments in the field of cold store operation include improved vehicle dock-ing facilities which minimise food exposure times to ambient temperatures. One result of research into ways of eliminating the problem of vehicle transfer is the enclosed loading bay where the vehicle backs right up to an enclosed and refrigerated bay connecting directly to the cold store itself.

In-store lighting has also come under scrutiny as the advent of more sophisticated racking assemblies and their attendant handling programmes led to the adoption of fluorescent lighting in place of filament bulbs.

The two other key elements in the frozen food chain where equipment can play an increasingly important role are food freezing and food transportation.

Most of the food frozen in the UK is done by air blast freezing tunnels, many at the end of the production line—hence the term "in line" freezing. Developments in the conventional air blast freezing systems include more efficient equipment including spiral freezers and automatic or indexing plate freezers.

Drum freezers have also been developed in which liquids or solids can be frozen. The liquid is sprayed on to the refrigerated drum and the frozen sheet scraped off as the drum rotates. The sheet is then broken up and packaged. Applications for such freezers include soups, juices and sauces.

Pellet freezers have been used for some time on the Continent and are suitable for freezing sauces as cubes but are taking some time to become established in the UK.

Quality

One of the fastest freezing methods—using liquid nitrogen, carbon dioxide or liquid freon—has brought improvements in food quality but the applications of this type of technique have proved to be more limited than was initially expected.

BOC has pioneered the liquid nitrogen freezing tunnel while the Polarstream unit, using LN, has provided an alternative to conventional mechanical systems for refrigerated transport vehicles.

Most refrigerated vehicles manufacture their own cold on the spot, using mechanical units which are efficient converters of energy. The Polarstream system, however, is entirely non-mechanical and while it is more expensive to run it is cheaper to buy and maintain. Another major advantage of the liquid nitrogen system is its silent operation—of considerable importance if unloading is to take place at night near residential areas.

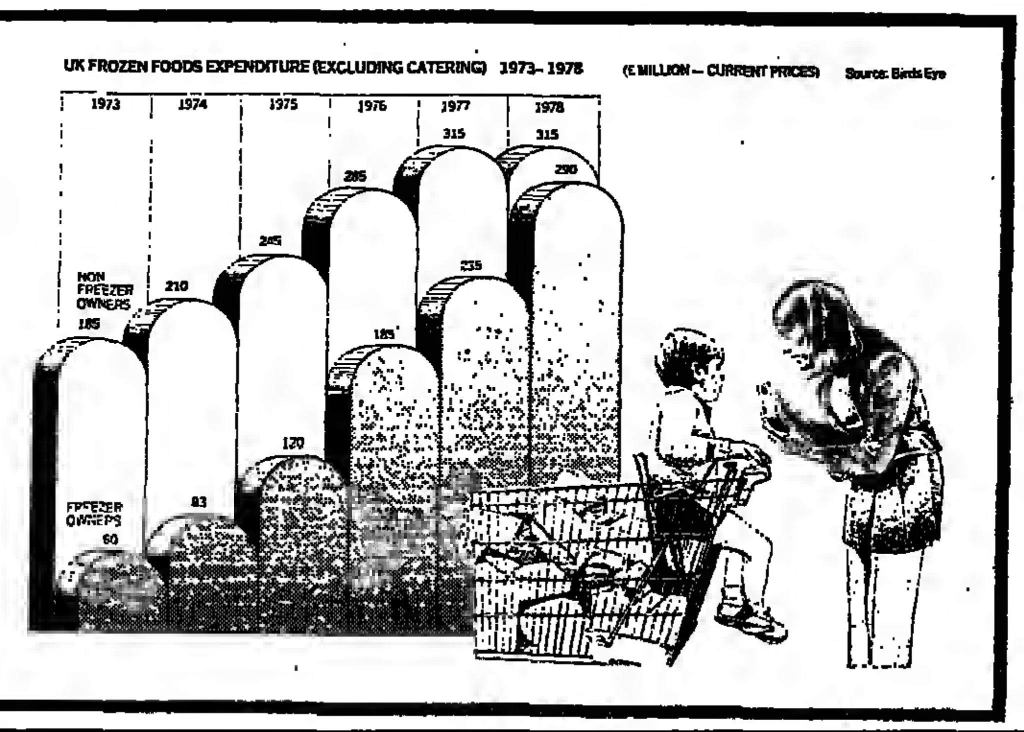
Polarstream systems are manufactured in the U.S. and Germany by Union Carbide and marketed in the UK by BOC. They inject liquid nitrogen from a spray header which stretches the length of the vehicle.

BOC estimates that the cryogenic system is half the cost of a mechanical system but between 50 and 100 per cent more expensive to run. At present therefore multi-drop operators favour the traditional mechanical units but on trunking the cryogenic systems become more competitive.

One possible development for the future could be the use of cryogenic systems to "pull down" the box temperature very quickly before the vehicle leaves the depot and then the utilisation of a mechanical unit throughout a journey.

The pressure for energy savings, improved food quality and more efficient use of resources will ensure the continuing evolution of frozen food equipment and the general indications are that the pace of change will accelerate.

Paul Taylor



Vegetables

CONTINUED FROM PREVIOUS PAGE

accept deferred payment contracts under which unforeseeable market or climatic influences can be balanced at the end of each season. But the traditional atmosphere of distrust between farmers and buyers clouds prospects.

To complicate matters further, some large-scale growers with access to freezing plant have been going into the frozen vegetable business on their own account to the discomfort of the processing establishment.

These "cowboys" have opened up fruitful new ventures. Often their freelance enterprises are underwritten by their regular contracts with the leading processors. They grow extra acres of peas and other vegetables at minimal cost, freeze them independently and sell them to anyone willing to pack and distribute them — usually to caterers—paying little more than lip service to the quality criteria on which the frozen vegetable industry founded its success.

Birds Eye has attempted to refuse this danger by offering to take in the extra crops and dispose of them through their own catering outlets. It is interesting that the few growers who have taken up the company's offer are willing to be paid on a "shared risk" basis.

While others in the industry have declared themselves wary of anything which might damage the quality reputation of frozen vegetables, they are eagerly watching for the effects of the new contractual techniques being applied.

Fish

Volume sales of quick frozen white fish in Britain last year were lower than at any time in the preceding five years. Disposals of both retail and catering packs fell, and production was also severely reduced.

Total sales were only 126,500 tonnes (59,200 in retail packs and 67,300 for catering), compared with 134,400 tonnes (61,700 and 72,700), in 1977. In 1976, sales were at a peak of 150,800 tonnes.

The reason for the decline, the processors say, are easy to find. Landings were too low, prices were too high and duties on imports of cod and other prime fish were not reduced enough to ease the pressure.

In the longer term, when European fisheries policy has been settled, the freezers forecast ample supplies caught relatively cheaply. But in the meantime they face a hard struggle to keep their products on the consumers' regular shopping list.

Cod landings in Britain fell again last year, and at 83,000 tonnes were about half the catch taken in 1976. Haddock was particularly scarce. Landings were 10,000 tonnes lower than in 1977 and more than 20,000 tonnes down on 1976. The catch of plaice and saithe—the other main species used by processors—also fell.

The ban on herring fishing in most of Britain's waters has diverted consumers' attention to other types of wet fish to the cost of freezers, and while mackerel has been used increasingly as a substitute, it still has a long way to go before it can be considered a fully-effective substitute.

The processors say while the climate persists of limited supply, continuing price increases, falling demand and, above all, uncertainty generated by the lack of a clear fisheries policy, that they will be unable to plan properly for the future.

Much has been said about the possibility of using mackerel and other little-known types like blue whiting for freezing. But without clear direction there is little prospect of any major manufacturer undertaking the necessary investment policy changes needed to make the best use of them.

If those attempting to formulate a Community fish policy in Brussels are to be believed, conservation measures in the not-too-distant future will ensure that stocks and catches of traditional white fish like cod and haddock could fairly rapidly be restored to something like normal.

In these circumstances it makes little sense for the industry to undertake radical changes in operations if in five or 10 years their supplies could be so greatly improved.

Meat

The leading frozen food companies see meat products as one of the strongest growth areas in the business. Processors claim that sales will follow recent trends and continue to increase at a faster rate than demand for fresh meat.

They back up their optimism with figures culled from the National Food Survey which show that while total meat sales in the UK have risen 6 per cent since 1973, the rise in the sale of quick frozen meat products has been 62 per cent. Last year, consumption in homes of quick-frozen meats was 97,000 tonnes.

Apart from the pressure of high prices suppressing demand for traditional primal cuts, the processors are also relying on a continuation—even acceleration—of the strong demand for ready-prepared convenience foods.

There is now plenty of evidence that the fashion for buying large capacity freezers and filling them with butchered carcasses bought in bulk is on the wane.

New buyers go for smaller capacities, and long-standing "freezer families" seek smaller models when buying replacements. To fill these smaller models, shoppers are looking for more compact, ready-made dishes.

In that swings in fresh meat supplies are not usually reflected in violent price fluctuations, the meat market as a whole enjoys a measure of stability not found in the vegetable trade. This, too, has contributed to the freezers' confidence.

Challenge

They also appear to be successfully beating off the challenge from the smaller-scale newcomers to the market. The fight has been costly in terms of research and development, but there is evidence that the interlopers have been unable to maintain the bridgeheads they have won in this sector in the past.

However, frozen food companies are not immune from the problems of the food processing industry at large, which has seen margins shrink to around 2 per cent. The meat sector suffers greatly from high raw material costs. Manufacturing beef prices have risen sharply in the past year, and while there has been some relaxation of the punitive controls against imports from non-EEC countries, efforts to obtain supplies from the Community's own intervention stores at preferential rates have proved ineffective.

Christopher Parkes

Cocoa pact differences narrow

By Our Commodities Staff

THE GAP between producer and consumer proposals on cocoa prices support levels under the International Cocoa Agreement has been sharply narrowed but is still considerable.

At the latest session of talks, which began in Geneva this week, producers have proposed a buffer stock "floor" price of 36 cents a lb. This compares with demands for a floor price of 186 cents a lb at the previous meeting in February.

The consumers have also modified their position and are now seeking a floor price of 00 cents a lb against 74 cents in February.

Delegates at the conference held under the auspices of the UN Conference on Trade and Development, remain hopeful that further progress can be made. They noted yesterday that discussions on prices were still at an early stage.

On the London futures market yesterday cocoa prices had a fairly quiet day. With no fundamental developments affecting the market September delivery cocoa closed £4 higher at £1,422 a tonne after reaching £1,435 during the day.

U.S. guayule report nearly completed

WASHINGTON — The U.S. Agriculture Department and a Joint Commission on Guayule Research and Commercialisation are nearing completion of a comprehensive plan for research, development and commercialisation of guayule as a domestic source of natural rubber.

Mr. Weldon Barton, director of the USDA's office of energy, told a Congressional subcommittee the USDA "sees in guayule a realistic opportunity to address a number of pressing national problems."

Mr. Barton listed expected benefits in energy, by providing renewable resource replacement for fossil fuel feedstocks, in strategic materials, by assuring a domestic supply of natural rubber for military aircraft and heavy equipment tyres, in water conservation, as guayule has lower water requirements than most crops now grown in the south western U.S., and for economically depressed populations such as the Indian tribes in the south west who could benefit by participation in production and marketing of guayule. Reuter

Copper market down again

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES on the London Metal Exchange yesterday fell to the lowest level since December as further speculative selling drove the market down again. Cash wirebars closed £16 lower at £763 a tonne—nearly £40 down on the week—and the three months quotation fell below £800 for the first time this year, closing £15 lower at £785.75.

The continued strength of sterling against the dollar was the main influence behind the further decline, but the market is also being hit by a lack of buying interest as well as fears of an economic recession in the U.S. However, some London traders noted signs of resistance at the lower levels and believe the market may now steady for the time being at least.

Cash tin prices fell sharply for the third day running, closing £167.5 lower at £6,725 a tonne—a loss of nearly £550 this week and the lowest level since January.

The cash price premium over the three months quotation has been narrowed to only £50 as a result of freer offerings as the squeeze on nearby supplies eases.

Lead followed the downward trend in copper. Cash lead closed £24.25 lower at £493.5 a tonne—falling below £500 for the first time since January this year.

● Aluminium futures received a boost yesterday when it was learned that Intsel, a member of the Pechiney-Ugine-Kuhlman group, had been permitted to start trading in the market.

Until now, Intsel—a ring dealing member of the Exchange—has been prevented from trading in aluminium futures because Pechiney, one of the world's leading aluminium producers, has been strongly opposed to the market. The producers claim that it threatens the whole stability of the existing aluminium pricing system.

Pechiney emphasises that it remains opposed to the futures market but recognises that Intsel, as ring-dealing members of the Exchange, must be able to offer its clients the use of aluminium futures, as well as the other Exchange metal markets.

NFU warns of need for incomes boost

BY CHRISTOPHER PARKES

BRITISH FARMERS, with a 13.5 per cent increase in commodity prices already won this year, are planning a new incomes boost.

Mr. Richard Butler, president of the National Farmers' Union, said in London yesterday that if UK inflation remained at double the Community's, ways would have to be found to give price increases to farmers here.

He suggested that the value added tax mechanism could be used to make payments to farmers. Two years ago "negative" VAT was applied to help producers in West Germany.

"We cannot live with inflation rates between 15 and 20 per cent," Mr. Butler said. He noted that, in April, inflation was 3.5 per cent in Germany and 13.5 per cent in Italy. The 10.1 per cent level in Britain was forecast to rise to 17.5 per cent.

"In the first six months of the year, tractor fuel had risen 19 per cent and petrol 25 per cent.

And Mr. Butler ruled out any appeals this autumn for further increases in common Community price levels. The alternative was temporary special measures, he said, although a final decision on the best form of aid would have to wait on developments in inflation and the strength of the pound.

Mr. Butler also claimed farmers would need Government grants to help them conserve energy through conversion of glasshouse heaters to gas or coal and insulation in farm buildings.

But he admitted that some farmers had been crying "wolf" over shortages of tractor fuel in recent weeks. Only a few had run out of diesel, he said.

As a safeguard for the coming harvest and autumn cultivations, he warned farmers to tell their suppliers in advance how much fuel they were likely to need during this critical period.

New Brazil coffee crop frost threat

By Our Commodities Staff

BRAZILIAN COFFEE traders were "very concerned" about the possibility of a frost in coffee growing areas early today or tomorrow morning, Reuter reported from Rio de Janeiro yesterday.

The traders said an intense cold air mass was moving quickly towards the southern part of Brazil from the Pacific. The belt of cold and windy weather which often precedes a high pressure cold front is already in Parana, the southernmost coffee state, and is expected to continue moving north, they said.

The Brazilian National Weather Department last night forecast a sharp decline in temperatures in southern Brazil "in the next 24 to 48 hours."

On the London robusta coffee futures market prices opened sharply lower yesterday contrary to expectations based on a strong overnight closing tone in New York.

But prices quickly began to recover and by the close September coffee was quoted at £1,917 a tonne, up £46 on the day.

London dealers said the latest U.S. Department of Agriculture estimate, putting the Brazilian crop at 20-22m bags (60 kilos each), had little effect on market sentiment.

The figure was only slightly higher than the Brazilian Coffee Institute's 19m bag estimate, they noted, adding that it was still too early to gauge accurately what the crop will be following the May/June frost.

In the meantime local growers are said to be increasingly concerned at the lack of rain to help the trees recover from the frost damage.

India may review jute buying plan

NEW DELHI—The Government may ask the state-owned Jute Corporation of India to review its raw jute purchase plans because of the drought in Eastern India earlier this year, Mr. George Fernandes, Industry minister told Parliament.

He said the corporation had planned to buy 2.5m bales of jute in the 1979-80 season which began this month, compared with its purchase of 800,000 bales last year when jute and mesta production reached a record 8.1m bales.

UK AGRICULTURE

Harvest guessing game

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE HARVEST guessing game this year has been curiously muted. Instead of the wild optimism of previous years, in which record crops were continually claimed, caution is the order of the day. This, I think, is only common sense. Last year's exaggerated estimates caused the exportation of 1m tonnes of British barley, which was badly needed at home. This not only cost the EEC £40m plus in export subsidies, but UK livestock farmers suffered a massive, needless, increase in feed costs.

That said, it is worth looking at the current harvest situation in England and Wales. Such reporting being in the main a most subjective exercise, I will start with my own farm. Here the profound pessimism of the late spring has given way to a good deal of quiet optimism. The crops suffered seriously from the frosts, and even at the end of May were showing empty, or almost empty spaces, where the plants seemed to be too retarded ever to grow at all.

But the heavy rain in June and the gradual warming up of the soil has worked wonders. Fields which had looked to be carrying no more than a two-thirds crop have filled up in a miraculous manner. It seems as if the nitrogen we poured on had, at last, began to work. What is called "compensatory growth" had sent these retarded plants into a determined effort to catch up with the rest. This was particularly evident with the two fields of winter barley, which were in danger of being ploughed up and resown. In the event, I decided not to, because the cost of the work and the unreliability of spring barley would have not made the exercise worthwhile. These fields now look very well indeed. The only problem is that they will ripen unevenly. However, they are standing well and should not be vulnerable to bad weather.

The change over from spring to winter-sown barley has been one of the most significant developments in British arable farming lately and it is certain that as the time goes on it will become the rule. The advantages are a higher yield in general, better establishment of the crop through autumn sowing and earlier harvesting by some two to three weeks. There are some drawbacks, including sterile broma, which is difficult to control, and one or two other weeds.

Another problem with winter barley in general is the length of straw, although this year it is reasonably short. So too is the autumn-sown wheat, which in my case looks even better than last year, as indeed does the winter barley.

There have as yet been no visible signs of the fungus diseases which used to plague us, nor of aphids which cost a lot of money in sprays two or three years ago. It is ironical perhaps that the perfection and availability of the sprays have coincided with two years, this and last, when they were hardly needed at all.

I don't know why this should be so; the garden for instance is smothered with aphids, which so far show no sign of attacking the wheat.

My 100 acres of spring barley looks quite well after a slow start but it was saved by the June rains. This, however, did need a good dose of chemicals as mildew and rhynecosporium attacked it quite seriously. The generally poor showing of spring barley makes me more than ever determined to move the whole of my acreage over to autumn-sown crops where I can.

Estimating yields is difficult. Thickness of the crop, or plant population, is far from being the only guide. The determining factor is the size of grain. Last year's crop was good because although the plant was thin, the grain had filled and matured very well, partly because ripening was much delayed.

This particularly affected wheat because, although the grain is now set in the ears, its maturity depends on conditions of heat and moisture, impossible at this stage to define. After last year's experience I would plump for a long, cool period over the next few weeks.

Winter barley could be the crop of the year. The grain is big and it is ripening off nicely. My spring barley at this stage could be anything or nothing, although I have seen better stands with my neighbours.

From what I have seen over much of the south of England the grain crops on the lighter land are very good but where the land is heavier, as on Midlands clay, there is nothing like as much promise. But the crops are late and may catch up. The only certainty is that harvest will be much protracted, and little wheat will be ready to harvest until September, at least on my farm.

The rest of my farming has taken a turn for the better. Grass growth has been very good, and the sheep have done very well indeed. I have now sold a third of my lambs at heavier weights than I have ever done before. This, of course, was my due—the expense and misery of last winter was almost more than I could bear. Not everyone was as well favoured as I have been, and the price has been much higher than expected because of reduced supplies on the market.

Here is a lesson for Mr. Peter Walker, the Minister of Agriculture, who is looking for ways to improve farmers' returns by better marketing. Just see to it that the market is kept short. It never fails.

London commodity centre plan stalled

BY OUR COMMODITIES EDITOR

PLANS FOR a World Commodity Centre in London appear to have been stalled by the Government's refusal to provide financial assistance. It is understood that while Mr. John Nott, Secretary of State for Trade, has confirmed the Government's support for the idea, the Treasury has refused to make an exception to the general cut-back in Government expenditure.

It is feared that unless action is taken soon, London could be in danger of losing its present role as the main host for international commodity organisations. A crucial point could be reached shortly when the expected International Natural Rubber Agreement is concluded and a decision will have to be made where to base the secretariat.

If London is unable to offer at least the prospect of improved conference facilities, it is feared that the rubber pact secretariat, and other international commodity organisations may be tempted to move to alternative centres, where they have been offered considerable inducements.

This would seriously weaken London's chance of becoming the headquarters of the planned UN Common Commodities Buffer Stock Fund. The UK Government apparently failed to make a formal application at the recent UNCTAD meeting in Manila to house the Common Fund, but is known to be keen to do so because of the potential valuable "invisible" earnings.

Sir Horace Cutler, leader of Greater London Council, said in February the GLC was prepared to contribute £250,000 towards the proposed centre.

Mr. Julian Wathen, group vice-chairman of Barclays Bank, has also pledged to raise £3m from City institutions provided the Government makes a matching contribution. He is confident he can achieve the target because of the considerable financial benefits that the international commodity organisations bring.

However, Mr. Nott has so far emphasised that a "self-financing" scheme without resorting to Treasury funds should be sought.

An alternative idea being floated is a possible Government-backed guarantee to a loan; but the sponsors of the centre point out that this will do little to alleviate the high cost of borrowing money especially at current interest rates.

The international commodity organisations already in London, have said they are prepared to pay proper rents for any new centre, but would expect the "host" Government to contribute towards the provision of conference facilities.

It is estimated that a suitable building would cost about £15m, but that £9m could be raised through normal financial channels.

Uganda cotton

By Michael Holman

KAMPALA—Ugandan cotton production in 1978-79 will fall to between 50,000-60,000 bales compared with the 1969-70 peak of 467,000 bales, Mr. F. Nyendwoha, general manager of the Uganda Lint Marketing Board, said here.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lower again on the London Metal Exchange [illegible]

[illegible]

COFFEE

Robustas initially opened up to £32 down on the opening call but fairly active trade and Commission House buying fuelled steadier values, and for the rest of the morning prices consolidated just below the previous close, reported Drexel Burnham Lambert. Afternoon trading was more hectic as fresh frost fears in Brazil abounded [illegible]

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

COCOA

[illegible]

RUBBER

The London physical market opened slightly steadier. Little interest at higher levels, closing dull. Lewis and Peat reported a Malaysian godown price of 290 (287.0) cents a kilo (buyer, August).

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

COTTON

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	July 19 1979	+ or —	Month ago
[illegible]			

AMERICAN MARKETS

NEW YORK, July 19.

GRAIN MARKETS and the soya-complex came under pressure because of easier prices in the corn and profit-taking in precious metals, especially silver. Gold rallies have been modest, and the market continues on the defensive. Minor losses in copper resulted from uncertainties about the course of the economy. Coffee was up the limit on further frost warnings in Brazil, while cocoa in mixed [illegible]

Plywood—July 196.0 (192.8), Sept. 198.0-198.1 (194.2), Nov. 195.0-194.8, Jan. 195.5, March 197.5, May 199.0, July 201.0, Sept. 201.3 bid, Nov. 199.5 bid.

Pork Bellies—July 35.35-35.50 (34.72-35.42), Aug. 32.80-32.50 (32.10-32.65), Feb. 41.50-41.30, March 41.85, May 42.60, July 43.75 asked, Aug. 42.75. Sales: 7,867.

[illegible]

EUROPEAN MARKETS

ROTTERDAM, July 19

[illegible]

INDICES

FINANCIAL TIMES

July 18	July 17	M'nth ago	Year ago
265.88	267.06	300.55	236.10

(Base: July 1, 1952=100)

MOODY'S

July 18	July 17	M'nth ago	Year ago
1085.4	1085.8	1098.0	908.1

(December 31, 1931=100)

DOW JONES

[illegible]

REUTERS

July 19	July 18	M'nth ago	Year ago
1554.7	1551.4	1632.7	1419.5

(Base: September 18, 1931=100)

Money supply figures signal late rally in Gilts and equities—Exchange control moves hit Continentals

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 6
July 30	Aug. 9	Aug. 10	Aug. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

Government stocks at the outset yesterday developed further the reactionary mood which appeared late on Wednesday to give the first sign that the market was perhaps looking over-bought following heavy overseas and domestic investment. The fresh upsurge in sterling failed to stem a decline in Gilts motivated by profit-taking on both institutional and public account until after the official close of trade.

Losses had earlier stretched to a full point before being slightly reduced following the June money supply figures and were then completely regained as the bulk of medium- and longer-dated issues reverted to overnight list levels. Late conditions were volatile and it was assumed that sterling's late strength was encouraging American demand. The shorts, however, remained out of fashion and, after a light trade, showed falls ranging to half a point.

A slackening of the recent increase in the rate of money growth also prompted a rally from lower morning values of leading shares, although the level of business remained extremely disappointing. An initial extension of Wednesday's six-point fall had seen the FT 30-share index 4.9 down at 11 am and for most of the afternoon the pace of the recovery was slow. The tempo increased noticeably after 3.30 pm, however, and left the index only 0.1 off on the day at 479.1.

The liberation of European stocks from the investment currency premium for UK investors brought another sharp reaction in shares such as Philips' Lamp and Unilever NV, while many other Continental issues were heavily hit. South African Gold shares suffered a setback partly inspired by the lower currency premium and partly by Continental selling in the wake of the bullion price reaction.

While considering the further easing of exchange control regulations, the investment currency market experienced a good trade and the premium fluctuated within the comparatively narrow range of 22¼ and 20 per cent before closing a net two points down at the latter rate, which represents an effective rate of about 6 per cent. Yesterday's SE conversion factor was 0.9008 (0.9294).

Business in Traded options again reverted to an extremely low level with a total of 242 contracts completed, as opposed to 577 on Wednesday and 387 on Tuesday. Among the more active issues were EMI with 34 trades and Grand Metropolitan and Shell with 49 and 47 deals respectively.

Foreign banks took a turn for the worse in the wake of the Government's further relaxation of exchange controls. Falls of between 4¾ and 5½ points were recorded in Algemene, £73, Deutsche, £86, and Compagnie Bancaire, £43, while Commerzbank fell 40 to 950p and Credit France dipped 2 points to £15. Home issues continued easier on profit-taking in front of today's announcement of Lloyds interim results; the latter ended 3 off at 332p, after 330p, while Barclays lost 8 to 470p and Midland, 365p, and NatWest, 358p, relinquished 5 apiece. Hambros firmed 4 to 316p among merchant banks but Wintrust cheapened a penny to 94p, the latter's excellent results having been discounted.

Following a quiet session, Insurances closed easier for choice. London United, 132p, and Royals, 332p, lost 6 and 5 respectively among Composites. Elsewhere, Stenhouse moved against the trend with an improvement of 3 to 75p.

Distillers, announcing preliminary results, dominated the drinks sector; the group's profits were at the lower end of market expectations but satisfaction with the dividend helped the shares to rise 7 to 227p. In sympathy, Highland rose 3 to 97p, with the nil-paid 2 up at 9p premium. Sandeman shrugged off Wednesday's downturn, buyers returning to lift the shares 3 at 85p. Breweries traded quietly although some selective interest was shown in the late business. Belhaven added 2 to 50p in front of the annual statement due soon; ex-chairman Gordon Currie is rumoured to have disposed of his near-10 per cent holding in the company.

Most Buildings drifted down on small selling and lack of interest. Recent bid favourite Mallinson-Denny eased 3 to 65p, while Magnet and Southerns, particularly firm of late on the excellent annual profits, also shed 3 to 195p. Parker Timber, however, continued to attract interest and added 2 more to 183p. A dull market of late on the potential rights issue to finance its latest acquisition, Ibstock Johnsen rallied 3 to 79p. Awaiting news of the annual general meeting, Burnett and Hallamshire improved 10 to 415p, but Benlox held at 25p following the annual results.

Reflecting the firmer tendency that developed among blue chips after hours, ICI ended 3 dearer at 334p while Fisons rallied to 257p, unchanged on balance, after 250p. Elsewhere, Alginate firmed 10 to 380p pending the outcome of the Monopolies Commission's report due next week on the respective bids from Merck Incorporated and FMC Corporation.

Gussies good

Although record preliminary profits from Gussies had been anticipated the shares responded with a fresh rise of 8 to 384p for a gain on the week so far of 24. Other Store leaders closed slightly easier, however, with Marks and Spencer, 115p, and UDS, 99p, both a penny down. Elsewhere, after initially touching 166p on profit-taking following comment on the results and proposed 100 per cent scrip issue, MFI Furniture picked up to finish 2 better on balance at 172p. Ernest Jones Jewellers firmed 4 to 242p but Freemans declined that much to 158p and Empire lost 6 to 180p. Recently firm on an investment recommendation, R. and J. Pullmann gave up 4 to 104p. Continuing to respond to favourable comment about the group's property assets, Stylo Shoes hardened 2 for a two-day rise of 12 to 161p.

Philips Lamp, down 40 at 535p, reflected the relaxation in exchange control regulations for most European shares. Elsewhere in the Electrical sector, Electrocomponents encountered sporadic selling and gave up 7 to 443p, but satisfactory half-yearly results prompted a gain of a penny to 27p in Clifford and Snell. Among the leaders, GEC drifted off to 357p before closing only a penny cheaper on balance at 360p.

With the exception of John Brown, which finished 6 cheaper at 461p, leading Engineerings ended without alteration after showing small losses at one stage. Elsewhere, occasional movements were mainly against holders. Jenks and Cattell reacted 5 to 80p in the late dealings on news that the interim dividend had been lapsed. The sharp fall in the annual profits left Braham Millar 2 cheaper at 23p, while Hall Precision gave up a similar amount to 26p on the lower interim profits. Averys gave up 4 to 250p on scattered selling and similar falls were marked against Matthew Hall, 200p, and Molins, 134p. Comment on the half-yearly results prompted a fall of a penny to 45½p in Birmid Qualcast, while F. H. Tomkins eased a penny to 19p following the preliminary figures.

In marked contrast to Wednesday's good level of trade, Foods passed a rather quiet session. Recently firm Associated Dairies relinquished 5 to 263p, but Unigate added a penny more to 95p, still buoyed by the deal with the Milk Marketing Board. Spillers found late support and improved 2 to 44p, but currency influences left Barrow Milling 6 down at 50p.

Ladbroke shed a couple of pence more to 172p before a late rally lifted the price to 177p for a net gain of 3. News that British and Commonwealth Shipping had increased its stake in the company failed to stimulate interest in Savoy "A" which eased a penny to 106p.

Negretti slump

In the wake of the further relaxation in exchange controls, Unilever NV fell a point to £17¼, while Unilever which had fallen 38 on Wednesday following switching into the NV, softened 4 more to 492p, after 490p. Other miscellaneous Industrial leaders plotted an irregular course in thin trading. Turner and Newall dipped 4 to a 1979 low of 124p and Reckitt and Colman, on fresh concern about its overseas earnings potential in the light of sterling's recent strength, cheapened 6 to 407p. After Wednesday's fall of 9, however, Beecham edged forward 5 to 540p, while BOC hardened a fraction to 74p. Secondary issues were featured by a fall of 14 to 45p in Negretti and Zambra following the cut in the dividend and the halved interim profits. The Boardroom rift concerning Mr. Laurie Marsh unsettled Associated Communications "A" which reacted 4 to 130p, while Wedgwood lost 7 more to 75p on further consideration of the chairman's warning about the adverse effects on profits exerted by sterling's strength. St. Gobain declined 2 points to £12 on the abolition of UK exchange controls for most European issues, while Hanson Trust remained friendless at 105p, down 5, with the New Nil-Paid a further 6 off at 54p, after 50p. Against the trend, a combination of revived takeover speculation and demand ahead of the interim results due on August 10 lifted J. Bibby 20 to 425p.

Company announcements attracted the bulk of interest among Motor and kindred issues. Dowty improved 15 to 315p following the 100 per cent scrip and large dividend increase together with annual profits in line with market expectations. Armstrong Equipment, however, eased 1½ to 59½p; the company's offer for Jenks and Cattell has lapsed. Among barely-tested Distributors, Wadham-Stringer put on a penny to 35p following the acquisition of Welsh Ford dealers R. J. Bown for £1.7m, while Heron eased 1½ to 52p, still reflecting Tuesday's annual results. Poor figures from Fodens came as no surprise and, following the company's confidence about current trading, the shares met small buying to close at the overnight level of 47p, after 45p.

Despite the increased annual profits and property revaluation, Haslemere Estates met selling and shed 12 to 308p. By contrast, Allnatt (London) firmed 7 to 337p in response to the annual results and proposed 100 per cent scrip issue. Other Properties tended easier at first, but steadied at the lower levels following a small trade. Up 6 on Wednesday on the sale of two German subsidiaries, Samuel shed 3 to 125p. Lynton put on 4 to 160p awaiting today's annual results.

Oil leaders rally

Inclined easier at the opening, Oil leaders rallied in the later trade and quotations closed better on balance. British Petroleum finished 10 to the good at 1,220p, after 1,205p, and Shell closed 8 higher at 336p. Among secondary issues, Aran Energy featured with a rise of 20 to 95p on demand in an extremely difficult market.

Losses were fairly widespread throughout the Trust sector, but Erskine House became a good market at 47p, up 5½, in Financials on news that National Car Parks had acquired a 9.6 per cent stake in the company.

The majority of Shipping shares recovered from an initial bout of profit-taking. Furness Withy closing only 2 cheaper at 294p, after 288p and Hunting Gibson ending 2 dearer at 287p, after 280p. Reardon Smith closed 5 to the good at 150p with the "A" 3 firmer at 88p. P. and O. Deferred, however, ended with a loss of 2½ at 102p.

Golds under pressure

A downturn in the bullion price and a further fall in the investment currency premium brought heavy pressure on South African Golds. The Gold Mines index fell 9.7 to 161.3 and the ex-premium index 13.6 to 145.3.

Persistent Continental selling in the morning prompted only modest losses but the market came under fairly heavy American selling in the afternoon and prices fell sharply to close at the day's lowest.

Among the heavyweights Randfontein were particularly weak and dropped £2 to £25, while losses of a point and more were seen in West Driefontein, £22, and Vaal Reefs, £15¼, the latter in front of the increased interim dividend which was announced after hours.

In the medium- and lower-priced issues Western Deep lost 83 to 794p, also in front of its interim dividend declaration, while Kloof gave up 43 to 633p and Stilfontein 23 to 335p.

U.S. selling also caused widespread losses in South African Financials where "Amgold" fell £1½ to £17¾. Anglo American and Union Corporation were 8 lower at 329p and 326p respectively, while "Amcoal" slipped another 50 to 825p.

London Financials were easier owing to the weakness of Golds and the early dullness in UK equities. Rio Tinto-Zinc lost 8 to 380p and Gold Fields 5 to 222p.

Australians showed little change with the firmer trend in overnight domestic markets offsetting the lower premium. Hampton Areas slipped 8 to 205p after the recent strong rise which followed rejection of Colonial Mutual's offer for Hampton's nickel royalties.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1200	26	2	88	-	115	—	1220p
BP	1300	2	—	38	6	75	—	"
Cons. Gold	220	3	5	20	-	30	—	222p
Cons. Gold	240	1	..	12	9	22	—	"
Cons. Gold	260	½	..	6	25	12	—	"
GEC	330	31	3	61	1	68	—	360p
GEC	460	½	1	4	—	[illegible]	—	"
Grand Met.	120	14	—	20	5	22	—	143p
Grand Met.	130	4	41	15	—	22	—	"
Grand Met.	140	1	2	6½	—	13	—	"
Grand Met.	178	½	—	5	—	8	—	"
ICI	330	3	—	19	4	29	—	332p
Marks & Sp.	100	15	3	18	—	20	—	115p
Marks & Sp.	110	5	15	14	—	18	—	"
Marks & Sp.	120	1	14	6	—	10	—	"
Shell	300	40	2	48	—	—	—	337p
Shell	325	15	14	29	5	—	—	"
Shell	350	2	—	16	2	22	—	"
Shell	375	½	—	12	2	18	6	"
Shell	400	½	5	6	2	12	8	"
Totals			107		62		14	
		August		November		February		
EMI	110	4	—	10	15	17	—	102p
EMI	120	2	15	6	21	13	—	"
EMI	150	½	—	1	—	5	—	"
RTZ	280	6	—	13	1	27	4	265p
Totals			15		40		4	

FINANCIAL TIMES STOCK INDICES

	July 19	July 18	July 17	July 16	July 13	July 12	A year ago
Government Secs.	73.48	73.57	73.03	72.44	72.44	72.90	70.70
Fixed interest	74.72	74.72	74.25	73.95	74.34	74.66	71.87
Industrial	471.9	472.0	478.0	470.7	466.6	468.8	470.4
Gold Mines	161.3	171.0	171.7	160.6	158.6	155.4	170.7
Gold Mines(Ex-$ pm)	145.3	158.9	154.5	146.6	146.1	146.3	112.3
Ord. Div. Yield	6.70	6.71	6.60	6.67	6.73	6.70	5.84
Earnings, Yld. % (full)	16.87	16.91	16.63	16.78	16.92	16.81	17.14
P/E Ratio (net) (*)	7.46	7.44	7.56	7.48	7.43	7.48	7.79
Total bargains	15,859	17,818	17,012	14,697	16,770	15,076	—
Equity turnover £m	—	85.59	75.67	55.12	89.96	67.80	73.71
Equity bargains total	—	13,006	12,475	10,927	12,543	11,[illegible]	15,920

10 am 468.3. 11 am 467.1. Noon 467.2. 1 pm 467.7. 2 pm 468.0. 3 pm 468.1.

Latest Index 01-246 8026. * Nil=8.15.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity, July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	73.91 (6/6)	64.64 (8/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.72 (5/6)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (13/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	206.4 (4/5)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	152.5 (9/5)	95.9 (2/1)	337.1 (3/4/74)	54.3 (28/6/76)

S.E. ACTIVITY

	July 19	July 18
—Daily		
Gilt Edged	146.6	142.9
Industries	131.7	133.9
Speculative	31.9	33.2
Totals	86.6	87.4
5-day Average		
Gilt Edged	136.3	134.1
Industries	132.7	133.0
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (16)

COMWEALTH & AFRICAN LOANS (1)
N.Z. 6pc 76-80
BUILDINGS (2)
Brown & Jackson
Burnett Hallamshire
CHEMICALS (1)
Alginate Inds.
ELECTRICALS (1)
Cableform
FOODS (2)
Clarke Clover
Fitch Lovell
Matthews (B.)
HOTELS (1)
Warner Holidays
INDUSTRIALS (1)
Western Motor
PAPER & PRINTING (1)
Wyatt (Woodrow)
SHIPPING (2)
Reardon Smith
Reardon Smith A.
SHOES (1)
Stylo Shoes
TRUSTS (2)
London & Liverpool
Erskine House

NEW LOWS (167)

INTERNATIONAL BANK (1)
CORPORATION LOANS (1)
LOANS (1)
AMERICANS (43)
CANADIANS (10)
BANKS (9)
BREWERIES (2)
BUILDINGS (8)
CHEMICALS (3)
DRAPERY & STORES (3)
ELECTRICALS (3)
ENGINEERING (13)
FOODS (3)
INDUSTRIALS (29)
INSURANCE (2)
MOTORS (4)
PAPER & PRINTING (3)
SOUTH AFRICANS (1)
TEXTILES (3)
TRUSTS (17)
OIL (1)
OVERSEAS TRADERS (2)
MINES (14)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	55	13
Corpns. Dom. and Foreign Bonds	5	13	44
Industrials	[illegible]	[illegible]	[illegible]
Financial & Prop.	35	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	5	37	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	166	776	1,259

Dutch double tourist aid

THE HAGUE—The Dutch Government yesterday announced a doubling of its subsidy to the tourist industry to help bridge the gap in the country's balance of payments.

Last year, Dutch tourists abroad spent Fl 4.65bn (£1.03bn) more than foreign visitors spent in the Netherlands. This deficit from tourism is more than twice the officially expected Dutch current account deficit for this year.

Mr. Theo Hazekamp, state secretary in the Economics Ministry, said Government aid to tourism would rise in 1980 to Fl 48.3m (about £12m) from Fl 23.3m (£5m) this year.

The money would be used for greater promotion abroad of the Netherlands as a holiday centre, and to improve the quality of accommodation and services. Increased cash would continue to be available until at least 1984.

The Government was particularly disturbed that Dutch revenues from tourism had dropped in the past two years, while tourism was growing at an annual average rate of 10 per cent in the rest of the world, Mr. Hazekamp added.

Reuter

Lawyers attack McNee call for greater powers

THE HALDANE SOCIETY of Socialist Lawyers says the greater police powers called for by Sir David McNee, Metropolitan Police Commissioner, would be a recipe for disaster.

In evidence to the Royal Commission on Criminal Procedure, published today, the society says the choice is between community consent policing, and policing by compulsion through greatly increased powers. "The first is compatible with a democratic society; the second is not."

"Given the lack of democratic or public control over the police, the call for greater powers on the scale proposed by the Metropolitan Police Commissioner seems to us to be a recipe for disaster."

Lace makers' new factory

THE BIRKIN GROUP of Nottingham, one of the oldest lace manufacturers in the world, is today opening a £1m headquarters for its knitted lace division at a purpose-built factory in Borrowash, Derbyshire.

The company sells abroad almost half its production of £3m worth of lace a year.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 10	July 23	Oct. 4	Oct. 16
July 24	Aug. 6	Oct. 18	Oct. 30
Aug. 7	Aug. 20	Nov. 1	Nov. 13

For rate indications see end of Share Information Service

Calls were dealt in Scottish and Newcastle, Shell, Ladbroke and the Warrants, London and Northern, British Land, Town and City, William Press, ICI, Millbury, Premier Oil and Lofs. A put was done in MFI, while doubles were arranged in Weeks Associates and Town and City.

ACTIVE STOCKS

Stock	Denomina-tion	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Shell Transport...	25p	11	336	+8	402	278
ICI	£1	9	334	+3	415	333
Barclays Bank	£1	8	470	−8	514	360
Beecham	25p	8	540	+5	755	520
Hanson Tst. 'New'	Nil/pd.	8	54pm	−6	71pm	50pm
Royal Dutch	Fl.20	8	£32	—	£47⅞	£29
BAT Inds.	25p	7	264	−2	362	255
BP	£1	7	1,220	+10	1,295	882
Reardon Smith A	50p	7	88	+3	88	32½
Unilever	25p	7	492	−4	680	490
GEC	25p	6	360	−1	456	311
Bowater	£1	5	155	—	209	155
Commercial Un.	25p	5	139	−1	185	139
P. & O. Defd.	£1	5	102	−2½	105	71
RTZ	25p	5	260	−8	362	236

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
««	F.P.	—	75	60	Arrow Chemicals	73		b2.0	2.3	3.9	15.3
60	F.P.	11/7	91	76	B. & Q.(Retail) 5p	85		b2.42	3.3	4.0	[illegible]
80	F.P.	27/7	99	95	Fairline Boats	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	22/6	63	50	Fulcrum Inv. Income	[illegible]		4.0	—	11.7	—
—	F.P.	22/6	4⅛	3	Do. Capital 5p	3		—	—	—	—
[illegible]	F.P.	—	[illegible]	[illegible]	Malay'n Plt'n Berhad	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	10/8	37	36	Mettoy Dfd.	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	13/7	[illegible]	36	Phicom 10p	[illegible]		N1.0	4.5	3.9	13.8
160	F.P.	2/8	126	173	Standard Tel. & Cables	[illegible]		b8.0	2.1	6.3	10.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
100	F.P.	20/7	1pm	4pm	English & Overseas Inv. Conv.	[illegible]	[illegible]
100	F.P.	20/7	107½	[illegible]	Kwik-Fit (Tyres) 9% Cnv. Ln. 1979/85	112½	
100	F.P.	27/7	[illegible]	[illegible]	Marsh'll's Univ'rs'l 7½% Cnv. Cum. Red. Prf.	32½	
100	F.P.	30/8	102	100	Portsmouth Water 8% Red. Prf. 1984	101½	
100	F.P.	24/8	[illegible]	[illegible]	Malay'n & S. Shields Water 8% 1986	[illegible]	
[illegible]	£10	12/10	£12½	£12	Wrexham Water 8% 1984	£16	
96	F.P.	[illegible]	98¼	95½	York Water 12% Deb 1986	97	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
36	F.P.	9/7 10/8	40	36½	Causton Sir J.	37½	−1½
75	F.P.	17/7 10/8	90	88	Century Oils	90	
17	F.P.	10/7 10/8	26	23	Combined English Stores	24	
30	Nil	—	11pm	10pm	Control Securities	10pm	
185	F.P.	20/7 10/8	[illegible]	[illegible]	Elliott (B.)	[illegible]	
150	Nil	— 13/7	[illegible]	[illegible]	Gower Tin	[illegible]	
40	Nil	20/7 7/8	18pm	17pm	Goldbergs (A)	17pm	−1
165	F.P.	29/6 10/8	146	131	Grand Metropolitan	[illegible]	
16	Nil	— 13/7	[illegible]	[illegible]	Hanson Trust	54pm	−6
26	Nil	23/7 24/8	10pm	8pm	Hargreaves	9pm	
36	Nil	27/7 24/8	10pm	5pm	Highland Dist.	9pm	
110	F.P.	5/7 2/8	209	182	Holt Lloyd Intl	208	−1
151	F.P.	5/7 7/9	114	109	Intl. Timber	110	
151	F.P.	22/6 27/7	184	157	MEPC	[illegible]	
130	F.P.	13/7 3/8	110	106	McCorquodale	[illegible]	
85	F.P.	22/6 20/7	121	101	P.M.A. Holdings	116	−2
810	Nil	22/6 20/7	60pm	40pm	Peterson Tennant	40pm	
265	F.P.	15/6 27/7	298	[illegible]	Simon Engineering	298	+2
50	F.P.	20/7 10/8	129	110	Sound Diffusion	120	+1
400	Nil	27/7 29/8	63pm	18pm	Stylo Shoes	58pm	+8
100	F.P.	20/7 10/8	52	50	UBM	52	
67	F.P.	13/7 10/8	110	94	W.G.I.	109	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., July 19, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. July 18 Index No.	Tues. July 17 Index No.	Mon. July 16 Index No.	Fri. July 13 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	242.89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (27)	223.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	354.43	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	585.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (12)	382.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (74)	179.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (16)	165.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS										
11 (DURABLE) (52)	226.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Lt. Electronics, Radio, TV (16)	313.92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (12)	157.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (24)	133.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS										
21 (NON-DURABLE) (171)	233.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	277.82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (6)	318.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	308.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (19)	198.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	380.99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (12)	406.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	121.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (41)	243.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	157.33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	242.93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (6)	98.47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (99)	198.83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	215.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	116.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	469.21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (58)	237.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (494)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (6)	648.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	267.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (116)	190.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	236.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	261.86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	183.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	152.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (8)	120.42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	240.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	98.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (43)	356.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (10)	123.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (110)	205.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (20)	330.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	241.21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Thurs. July 19	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	105.24	−0.27	—	4.96
2 5-15 years	117.73	[illegible]	[illegible]	4.51
3 Over 15 years	125.16	[illegible]	[illegible]	[illegible]
4 Irredeemables	140.85	[illegible]	[illegible]	[illegible]
5 All stocks	115.42	−0.11	[illegible]	[illegible]

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.	Thurs. July 19	Wed. July 18	Tues. July 17	Mon. July 16	Fri. July 13	Year ago (approx.)
1 Low Coupons 5 years	10.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Low Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Low Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	12.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Medium Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Medium Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 High Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 High Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Thurs. July 19 Index No.	Yield %	Wed. July 18	Tues. July 17	Mon. July 16	Fri. July 13	Thurs. July 12	Wed. July 11	Tues. July 10	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	58.44	12.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	51.55	13.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	71.47	13.86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Inc. Tst.	106.1	111.7	-0.7	3.77
Abbey Capital	36.6	38.9	-0.7	4.74
Abbey Income	43.1	45.9	-0.4	6.67
Abbey Inv. Tst. Fd.	36.8	39.3	-0.1	5.40
Abbey Gen. Tst.	48.9	52.0	-0.9	4.68
Equitas Prog. Tst.	67.5	71.2	-1.2	4.76

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt & Pref.	98.6	103.8	+0.6	12.74

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	72.5	77.6	-1.2	5.36
Brit. Inds. Fund	68.9	73.7	-1.2	5.51
Grth. & Inc.	39.9	42.7	-0.6	5.15
Elect. & Ind. Dev.	37.6	40.2	-0.5	4.63
Allied Capital	74.8	80.0	-1.1	5.00
Hambro Fund	115.2	123.3	-1.7	5.47
Hambro Acc. Fd.	134.5	143.9	-2.1	4.66
Income Funds				
High Yield Fd.	75.0	80.3	-0.5	8.13
High Income	70.0	74.9	-0.7	7.01
A. H. Eq. Inc.	40.5	43.3	-0.6	7.36
International Funds				
International	24.0	25.7		3.12
Pacific Fund	33.6	36.0	-0.4	2.47
Secs. Of America	52.9	56.6	-0.6	2.23
Specialist Funds				
Smaller Co.'s Fd.	46.3	49.6	-0.1	3.81
2nd Smlr. Co's Fd.	58.8	62.9	-0.2	3.98
Recovery Sits.	112.3	120.2	-0.7	5.47
Met. Min. & C'dty.	44.8	47.4	-0.6	5.43
Overseas Earnings	56.5	60.5	-1.7	4.79
Exempt Funds				
Far East Exempt	42.3	44.8		3.19
Smaller Co. Exempt	73.5	77.2	-0.9	4.46
U.S.A. Exempt	93.1	96.8	-1.0	2.27

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	56.0	60.4		4.40

Ansbacher Unit Mgmt. Co. Ltd.

Friends' Provdt. Unit Tst. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	47.6	50.8	-0.8	4.81
Do. Accum.	63.8	68.2	-1.0	4.81

Funds in Court♥
Public Trustee, Kingsway, WC2. 01-405 4300

Capital July 5	105.3	107.2		4.66
Gross Inc. July 5	78.0	79.7		9.79
High Yield July 5	90.3	91.9		9.25

*Unauth. Restricted to moneys under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	103.0	109.9		2.90
Do. Acc.	126.8	134.8		2.90
G.T. Inc. Fd. Un.	173.2	184.2		8.30
G.T. U.S. & Gen.	126.1	134.1		3.00
G.T. Japan & Gen.	76.0	80.8		2.30
♦Gt. Pens. Ex. Fd.	215.6	226.3		2.90
G.T. Int'l. Fund	142.2	151.2		1.80
G.T. Four Yds. Fd.	55.6	59.1		7.90
G.T. Far East & Gen.	42.9	46.1		3.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A. (a)	34.9	37.3	-0.5	5.17

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Tst.	23.1	24.5		1.02
British Tst. (Acc.)	61.8	66.4		3.52
Commodity Share	28.4	30.6		3.36
Extra Income Tst.	24.0	25.8		9.69
Far East Trust	29.7	31.9		0.14
High Income Tst.	61.0	65.6		9.48
Income Fund	78.7	84.6		7.22
Ins. Agencies	13.92	14.97		4.17
Intl. Exempt Fd.	94.3	101.7		6.88
Intl. Tst. (Acc.)	28.7	30.8		1.10

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	30.5	33.2		9.60
Income	42.3	46.0	-0.2	8.90
Accumulation	77.0	83.7		4.40
Growth	42.5	46.2		4.80
Capital	46.1	50.1		4.10

[illegible]

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	22.7	24.4		3.10
Accum. Units	27.2	29.4		3.10
J. Finlay Income	35.2	37.8		9.00
J. Finlay Euro. Fin.	24.3	26.1		4.30
Accum. Units	29.1	31.3		4.30
J. Finlay Fd. In. Tst.	28.5	30.6		4.90
Accum. Units	33.7	36.3		4.90

Prices on July 11. Next dealing July 18.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	41.0	47.8		1.18
Capital Tst.	156.0	165.8	-0.2	3.82
Income Tst.	114.6	121.8	-0.6	7.89
Int. Growth Fd.	114.2	121.4	-1.2	2.45
Do. Accum.	119.2	126.8	-1.6	2.45

Commodity & Gen.	69.0	[illegible]	-0.8	5.22
Do. Accum.	82.3	[illegible]	-1.0	5.22
Overseas Growth	50.3	[illegible]	-0.6	4.05
Do. Accum.	53.2	[illegible]	-0.6	4.05
Capital	25.0	[illegible]	-0.6	4.68
Do. Accum.	28.1	[illegible]	-0.5	4.68
Income	52.8	[illegible]	-0.5	6.88
Do. Accum.	63.1	[illegible]	-0.6	6.88
North American	31.9	[illegible]	-0.9	3.99
Do. Accum.	34.6	[illegible]	-0.9	3.99
High Yield	61.2	[illegible]	-0.6	8.60
Do. Accum.	68.7	[illegible]	-0.7	8.60
Equity Exempt*	110.2	[illegible]	-0.6	5.25
Do. Accum.*	110.8	[illegible]		5.25
Japan & Pacific	32.0	[illegible]	-0.4	2.97
Do. Accum.	30.0	[illegible]	-0.4	2.97

*Prices at July 5. Next dealing [illegible] 13.

NOTES

Prices do not include $ premium, except where indicated♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. $ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$8.04			—

Net asset value July 16.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.66	12.68	+0.08	12.02

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	120.0	124.0		0.06

Next dealing July 23

Gov't Secs. Tst.	92.5	96.0		13.02

Next dealing July 23

East & Intl. Tst. (C.I.)	101	108		3.47

Next dealing date July 26.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares	$US1.48			—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	109.52	110.08		8.40

Prices at July 11. Next sub. day July 18.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	US$59.65	61.47	+0.38	8.11

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	84.7	89.9	-1.5	5.00

Barclays Unicorn International

[illegible]

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	F1,308	1,438		2.40
Bondselex	115.95	121.65		2.40
Central Assets	£148.04	148.10	+0.03	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.44	9.69		11.75
Gilt Trust (I.o.M.)	107.4	110.9		11.75
Gilt Fnd. Guernsey	10.01	10.05		11.25
Intl. Govt. Secs. Tst.				
First Sterling	£21.63	21.77		—
First Intl.	US$236.54	237.47		—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest	LF1,119		-7	4.28
Guernsey Inc.	65.4	69.5		4.82
Do. Accum.	83.2	88.3		4.82
KB Far East Fd.	US$13.27			2.26
KB Gilt Fund	£10.90	10.96		11.74
KB Int. Bd. Fd. Inc.	101.23			8.20
KB Int. Bd. Fd. Acc.	106.67			
KB Intl. Fund	$US12.41		-0.26	2.25
KB Japan Fund	US$30.34			0.93
K.B. U.S. Gwth. Fd.	US$13.77			1.45
Signet Bermuda	$US5.28			1.89

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	51.0	53.6		3.10

Next dealing August 15.

Lloyds Trust Gilt	£10.17	10.18		11.75

Next dealing July 25.

Lloyds Bank International, Geneva

[illegible]

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107	100	Do. 14pc '79	101	......	14.24	—
108¼	98¼	Do. 14pc '83	103¼	......	13.56	12.99
86½	77½	ICFC 5½pc Deb. '80-82	84½	−½	6.67	12.20
85	71½	Do. 6¼pc Db. '81-84	78½	−½	8.10	12.20
99	84½	Do. 10½pc Uns. Ln. '86	91½	......	11.47	12.40
99	84½	Do. 11pc Uns. Ln. '88	93	+½	11.90	12.30
101½	84	Do. 11¾pc Uns. Ln. '90	95	......	12.45	12.70
72½	57	Do. 7¼pc A Deb. '89-92	66½	......	11.11	12.70
69	53½	Do. 7¼pc A Db. '91-94	66½	......	11.35	12.70
81½	64½	Do. 9pc 'A' '91-94	77½	−½	12.11	12.90
78½	62½	Do. 8⅞pc Ln. '92-97	72xd	......	12.15	12.80
101	95½	Do. 12¼pc. Uns. Ln. 1992	100	......	12.93	13.10

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

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S.E. List Premium 6¾% (based on $2.6764 per £)

BANKS AND HIRE PURCHASE

16	13	Dawes (G. R.)	13	......	—	—	—	—
£121	£66	Deutsche Bank DM50	£66	−5	Q18%	—	3.6	—
90	63	F. C. Finance	65	−3	2.2	4.9	4.8	6.0
8¼	5¼	First Nat. 10p	6¾	......	—	—	—	0.5
4	2	Do. Wrts. 75-83	2½	......	—	—	—	—
16¾	13¼	Fraser Ans. 10p	13½	......	—	—	—	—
266	178	Gerrard Natnl.	260	−2	9.12	—	5.0	—
62	39	Gibbs (A.)	46	−1	2.2	—	6.8	—
270	217	Gillett Bros. £1	255	−3	16.95	—	9.5	—
29	19	Goode D't Mry. 5p	21	......	0.25	—	1.7	—
153	115	Grindlays	115	−1	3.07	7.5	3.8	3.6
120	94	Guinness Peat	97	+2	H5.67	—	8.4	—
330	173	Hambros	316	+4	10.92	—	4.9	—

BANKS & HP—Continued

Hire Purchase, etc.

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AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
14	4	ACM 20c	14	......	—	—	—
171	102	Bougainville 50 Toea	105	−1	Q15c	1.0	7.3
140	84	B H South 50c	92	......	—	—	—
860	340	Central Pacific	750	−20	—	—	—
318	178	Conzinc Riotinto 50c	178	−2	NQ10c	2.0	2.9
36	16	Cultus Pacific N.L.	19	......	—	—	—
21½	11	Endeavour 20c	13½	−½	—	—	—
98	62	G.M. Kalgoorlie $1	87	......	ZQ3c	—	1.8
42	23	Haoma Gold N.L.	28	......	—	—	—
210	148	Hampin Areas 5p	205	−5	3.5	φ	2.5
71½	25	Metals Ex. 50c	36	−1	—	—	—
275	168	M.I.M. Hldgs. 50c	174	−1	†Q9c	1.7	2.7
15	15	Minefields Expl.	15	......	—	—	—
74	34	Mount Lyell 25c	34	......	—	—	—
44	14	Newmetal 20c	14	......	—	—	—
141	91	North B. Hill 50c	94	−1	†Q8c	1.3	4.4
22	11	Nth. Kalgurli	15	......	—	—	—
40	22	Nth. West Mining	24	......	—	—	—
137	83	Oakbridge SA1	83	−1	Q12c	1.9	7.6
37	22	Oilmin N. L.	33	+1	—	—	—
120	58	Pacific Copper	65	−3	—	—	—
£10¼	625	Pancont'l 25c	750	−25	—	—	—
25¾	15½	Paringa M&Ex. 5p	20½	......	—	—	—
510	268	Peko-Wallsend 50c	295	−5	Q15c	3.3	2.6
340	145	Southern Pacific	305	−5	—	—	—
16	12	West Coast 25c	13	......	—	—	—
188	121	Westn. Mining 50c	134	−1	†Q3c	0.7	1.1
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c	50	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	28	+2	2.81	1.3	14.5
435	265	Ayer Hitam $M1	295	+5	Q300c	0.5	21.9
72	51	Beralt Tin	51	......	4.0	3.3	11.2
270	175	Berjuntai $M1	185	+5	†Q110c	1.0	14.5
160	125	Geevor	130	......	8.71	3.1	9.6
10½	8	Gold & Base 12½p	9½	......	—	—	—
365	295	Gopeng Cons.	325	......	†18.0	1.4	7.9
370	295	Hongkong	320	......	†12.5	2.8	5.6
98	64	Idris 10p	87	......	†8.0	5.3	13.6
14	9½	Jantar 12½p	11	......	♦	—	—
95	58	Kamunting $M0.50	70	......	†Q12.5c	2.1	3.8
620	210	Killinghall $M1	350	......	—	—	—
465	365	Malay Dredging $M1	380	......	†175c	0.7	1.7
57	28	ΔPahang	28	......	—	—	—
123	60	Pengkalen 10p	110	+5	4.5	1.2	6.1
275	195	Petaling $M1	205	......	†Q120c	1.3	12.6
85	62	Saint Piran	64	......	†2.03	6.5	4.5
58	45	South Crofty 10p	45	......	†4.19	2.0	13.5
230	170	South Kinta $M0.50	185	+5	†Q145c	0.6	16.8
405	285	Sthn Malayan $M1	345	+5	†Q190c	1.0	11.8
310	210	Sungei Besi $M1	260	......	Q520c	φ	57.0
75	45	Supreme Corp. $M1	45	......	ZQ10c	—	4.8
105	94	Tanjong 15p	95	......	7.5	0.7	11.3
115	90	Tongkah H. Tin	90	......	†Q24c	0.7	6.0
280	190	Tronoh $M1	200	......	Q25c	5.2	2.8

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	65	−3	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	58	−4	—	—	—
13½	10	Burma Mines 17½p	11½	......	—	—	—
345	170	Cons. Murch. 10c	275	−15	ZQ30c	—	5.6
410	310	Northgate C$1	310	−10	—	—	—
362	226	R.T.Z.	260	−8	11.5	2.7	6.3
31	10	Robert Mines	26	−1	—	—	—
65	34	Sabina Inds. C$1	35	......	—	—	—
880	550	Tara Exptn. $1	550	−12	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$15⅜	−½	Q200c	φ	15.7
$15½	890c	East Drie R1	$13⅜	−¼	†Q115c	1.6	10.4
$10¾	350c	East Rand Prp. R1	$10⅝	−½	†Q10c	—	1.1
$27⅝	$18¼	F.S. Geduld 50c	$26¾	−⅞	†Q315c	2.4	14.3
$19⅞	$11⅛	Pres. Brand 50c	$18¾	−⅞	†Q150c	3.2	9.7
$18⅛	$10¼	St. Helena R1	$17	−½	†Q190c	1.4	13.5
760c	407c	Stilfontein 50c	720c	−35	†Q66c	φ	11.1
$35¼	$18¼	Vaal Reefs 50c	$34	−1	†Q280c	2.7	10.4
$50¼	$28¾	West Drie R1	$47⅞	−⅞	Q615c	1.7	15.6
$36½	$22¼	West Hldgs. 50c	$35¼	−1¼	†Q415c	1.4	14.3
$18½	$10⅝	Western Deep R2	$17¼	−1¼	†Q147½c	2.1	11.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than in EEC currencies are quoted inclusive of the investment dollar premium.

Δ Sterling denominated securities which include investment dollar premium.
● "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
φ Figures or report awaited.
†† Unlisted security.
¤ Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
♦ Merger bid or reorganisation in progress.
☆ Not comparable.
♠ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
♥ Excluding a final dividend declaration.
÷ Regional price.
‖ No par value.
a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 42

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	26	......	Sindall (Wm.)	155	......
Bertam	26	......	IRISH		
Bdg'wtr. Est. 50p	410	......	Conv. 9% '80/82	£86¼	......
Clover Croft	28	......	Nat. 9¾% 84/89	£71⅜	......
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£84	+⅛
Dyson (R. A.) A	26	......	Alliance Gas	80	......
Ellis & McHdy	180	......	Arnott	345	−5
Fife Forge	54	......	Carroll (P.J.)	98	......
Finlay Pkg. 5p	20	......	Clondalkin	82	......
Graig Ship. £1	315xd	+5	Concrete Prods.	87	......
Higsons Brew	78	......	Heiton (Hldgs.)	75	......
Holt (Jos) 25p	260	......	Ins. Corp.	210	......
I.O.M. Stm. £1	165	−3	Irish Ropes	80	......
Pearce (C. H.)	258	......	Jacob	36	......
Peel Mills	30	......	T.M.G.	190	......
Sheff. Refrshmt	105	+10	Unidare	83	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	9	I.C.I.	24	Tube Invest.	30
BOC Intl.	6	"Imps"	8	Unilever	55
B.S.R.	7	I.C.L.	55	U.D.T.	5
Babcock	18	Inveresk	7	Utd. Drapery	10
Barclays Bank	32	KCA	5	Vickers	18
Beecham	52	Ladbroke	22	Woolworths	7½
Blue Circle	10	Legal & Gen.	14	**Property**	
Boots	18	Lex Service	11	Brit. Land	7½
Bowaters	18	Lloyds Bank	25	Cap. Counties	9
B.A.T.	28	"Lofs"	5	Land Secs.	25
Brown (J.)	50	London Brick	7	MEPC	17
Burton 'A'	26	Lonrho	8	Peachey	13
Cadburys	7	Lucas Inds.	25	Samuel Props.	14
Courtaulds	10	"Mams"	18	Town & City	2¼
Debenhams	8	Mrks. & Spncr	11	**Oils**	
Distillers	21	Midland Bank	30	Brit. Petroleum	100
Dunlop	6½	N.E.I.	14	Burmah Oil	15
Eagle Star	14	Nat. West. Bank	28	Charterhall	5
E.M.I.	12	Do. Warrants	15	Premier	5
Gen. Accident	21	P & O Dfd.	10	Shell	25
Gen. Electric	35	Plessey	10	Ultramar	25
Glaxo	50	R.H.M.	5	**Mines**	
Grand Met.	14	Rank Org.	25	Charter Cons.	16
G.U.S. 'A'	30	Reed Intnl.	18	Cons. Gold	20
Guardian	24	Sears	5½	Rio T. Zinc	27
G.K.N.	28	Spillers	4½		
Hawker Sidd.	26	Tesco	7		
House of Fraser	18	Thorn	35		
		Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday July 20 1979

Private sector steel prices up

BY ROY HODSON

A NEW ROUND of steel price increases has started, with the initiative this time taken by private-sector steelmakers.

Rises averaging about 6 per cent are being imposed by member companies of the British Independent Steel Producers Association in letters to their customers this week. Most take effect from August 12.

Industry's annual steel bill will be increased by some £60m in a full year by the private-sector increases.

British Steel Corporation has completed its own round of price increases with a series of impositions on flat-rolled products from July.

Tradition

The corporation has traditionally acted as price-leader in the British market. Now it will find itself in the unusual position of under-selling private producers on competitive products by 6 per cent.

British Steel would add a further £100m to the nation's annual steel bill if it raised its prices to match those in the private sector. The corporation is not expected to act immediately.

Though it needs extra revenue, British Steel is likely to study the situation for several weeks to see if the higher private-sector steel prices are maintained in the generally weak steel market.

Trading in August will not give an accurate indication of the market's price sensitivity, because buying is always at a low level then.

Imports

The higher private-sector prices must stick during September without causing an abnormal rise in cheap steel imports. If they dod. British Steel will be tempted to follow suit.

The private-sector companies take a calculated risk in raising prices to maintain profitability.

British Steel uses some electric steelmaking, but most is from basic oxygen furnaces which became 13 per cent dearer to run in the EEC in the past year.

There is little chance of BSC's managing to break even by March 1980, as required by the Government, unless it raises prices by the autumn. It is losing about £1m a day.

Weather

UK TODAY

CLOUDY WITH some rain, cool. Sunny intervals in Scotland.

London, S.E., S.W., Cent. England, Channel Is.
Mainly dry, rather cloudy. Max 19C (66F).

East Anglia, Midlands, S. Wales
Rather cloudy, rain at times. Max. 18C (64F).

E., N.E. England
Cloudy, some rain, becoming drier and brighter. Max. 18C (64F).

Lakes, Cent., N., N.W. England, Isle of Man, N. Ireland, N. Wales
Occasional rain dying out, sunny intervals and showers developing. Max. 17C (63F).

Borders, Edinburgh and Dundee area, Moray Firth
Sunny periods, showers developing. Max. 18C (64F).

Rest nf Scotland
Showers, sunny intervals. Max. 16C (61F).

Ontlonk: Unchanging.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	Lisbon	C	19	66
Algiers	F	29	84	Locarno	F	25	77
Amsdm.	R	15	59	London	C	16	61
Athens	S	31	88	Luxmbg.	F	18	64
Bahrain	S	35	95	Madrid	F	28	82
Barclna.	S	28	82	Majorca	S	33	91
Belfast	C	14	57	Malaga	S	31	88
Belgrd.	S	29	84	Malta	S	29	84
Berlin	C	17	63	Mchstr.	C	14	57
Biarritz	C	21	70	Melbne.	S	9	48
Bmghm.	C	15	59	Milan	F	29	82
Blackp'l	C	13	55	M'ntreal	S	22	72
Bordx.	C	21	70	Moscow	F	20	68
Boulgn.	C	15	59	Munich	F	24	75
Bristol	C	15	59	Nairobi	S	21	70
Brussels	C	15	59	Naples	S	28	82
Budpst.	S	29	84	Nwcstl.	R	14	57
B. Aires	C	9	47	N. York	S	25	77
Cairo	S	33	91	Nice	S	25	77
Cardiff	C	15	59	Nicosia	S	28	82
Cas'b'ca	F	23	73	Oporto	F	23	73
Cape T.	R	13	55	Oslo	F	18	64
Chicago	S	25	77	Paris	F	21	70
Cologne	C	17	63	Prague	F	24	75
Cpnhgn.	C	15	59	Reykjvk.	F	10	50
Corfu	S	30	86	Rhodes	S	30	86
Dublin	C	15	59	Rio J'o	S	25	77
Dbrvnk.	S	27	81	Roma	S	29	84
Ednbgh.	R	12	54	Salzb'g	R	21	70
Faro	S	25	77	Singapr.	S	28	84
Florence	S	30	86	Stckhm.	F	15	61
Frankf't	F	19	66	Strasb'g	S	27	81
Funchal	S	24	75	Sydney	R	15	61
Geneva	S	28	82	Tangier	C	23	73
Gibrltr.	F	25	77	Tehran	S	34	92
Glasgow	R	12	54	Tel Aviv	S	28	82
G'rnsey	C	18	61	Tenerife	C	19	66
Helsinki	F	18	64	Tokyo	C	23	73
H. Kong	C	30	87	Toronto	S	22	72
Innsbr'k	F	25	77	Tunis	S	32	90
Invrnss.	R	12	54	Valencia	F	32	90
I.o.Man	C	13	55	Venice	S	27	81
Jersey	C	16	61	Vienna	F	29	84
Jo'burg	S	17	82	Warsaw	F	20	68
L. Plms.	S	24	75	Zurich	S	25	77

C—Cloudy. F—Fair. R—Rain. S—Sunny.

U.S. Health Secretary goes

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. JOSEPH CALIFANO, U.S. Secretary of Health, Education and Welfare, yesterday became the first Cabinet member to be swept aside by President Carter's administrative broom.

He is to be replaced by Mrs. Patricia Roberts Harris, the black woman who has served up to now as Secretary of Housing and Urban Development. No successor to Mrs. Harris was immediately named.

Mr. Califano, showing disappointment but avoiding direct criticism of Mr. Carter, said at a press conference that the President had told him on Wednesday that his resignation was being accepted for two reasons, friction between the Department and the White House staff, and need to restructure the Government to prepare for the 1980 election campaign.

It is evident that Mr. Califano's departure is the handiwork of Mr. Hamilton Jordan, political adviser to the President, who on Wednesday was elevated to the position of White House Chief of Staff.

When asked for his own comments about the capabilities of Mr. Carter's inner circle, Mr. Califano pointedly and briefly said he bad a high regard for Mr. Stuart Eizenstat, the domestic affairs supremo, but went no further.

It is now obvious that the reshuffle is being tackled on a piecemeal basis, though as speedily as possible.

Mr. Carter spoke briefly yesterday of the need "to strengthen the crucial ties between Government and people," a major theme of his Presidential address last Sunday night and one of the bases on which he hopes to reform public perception of his competence to lead the American Government.

In moving Mrs. Harris into Mr. Califano's job, the President and Mr. Jordan clearly hope to deflect criticism that a prominent Cabinet liberal has been purged.

She is reckoned to be a forceful and independent advocate of social causes who has had her own confrontations with the White House.

But this did not prevent such prominent liberals as Senator Edward Kennedy of Massachusetts from springing to Mr. Califano's defence.

Mr. Kennedy described Mr. Califano as a man of "extraordinary dedication and loyalty," and expressed his surprise that "in a time of energy and economic crisis" the first Cabinet member to be ousted was the man with the social mandate.

Mr. "Tip" O'Neill, Speaker of the House, was another influential Congressman to regret Mr. Califano's departure, though his attitude could be modified if, as was said but not confirmed yesterday, Mr. Carter nominated Mr. O'Neill's son, the former Lieutenant-Governor of Massachusetts, to take over from Mrs. Harris.

The Health Education and Welfare Department matches the Pentagon both in size and scope. Its constituencies are vast and diverse, and it appears to have been Mr. Califano's problem that he alienated too many of them.

He was never an easy man for the President to ring to heel.

A graduate of both the Johnson and Kennedy Administrations, with extensive political connections, not least with Senator Kennedy, he was considered an able administrator in a Department many have judged ungovernable.

Mr. Carter also appeared on the verge of nominating Mr. Benjamin Civiletti, number two in the Justice Department, to succeed Mr. Griffin Bell as Attorney General. Mr. Bell has let it be known for months that he wants to retire later this summer. But there was no firm word on the immediate future of either Dr. Schlesinger, the Energy Secretary, whose departure, sooner or later, is taken for granted, or Mr. Blumenthal, the Treasury Secretary.

It is as much the way in wbihc the reshuffle is being conducted as the personalities involved which is attracting comment here, much of it unfavourable to the President and Mr. Jordan.

Port of London aid to continue

BY IAN HARGREAVES AND PAUL TAYLOR

THE GOVERNMENT is to go on bailing out the loss-making Port of London Authority and is considering the establishment of a "new town" style authority in East London to plan the regeneration of docklands.

The docklands plan also has implications outside London because it could be linked with legislation to force all local authorities to sell off surplus land.

Mr. Norman Fowler, Transport Minister, is due to make a statement on PLA finances next week.

He is expected to authorise release of the first tranche of a £10m Government-backed loan, approved by the Labour Government, along with a £35m sum to cover staff severance costs.

That would be a response to the PLA's one-year plan to shed 800 jobs by next July and to achieve further improvements in working practices. Without the aid the PLA, which lost £17m last year, could run into a financial crisis this summer.

Mr. Fowler's statement will not constitute a formal response to the PLA's recently delivered five-year corporate plan. However, he is implicitly backing the core of its corporate strategy, which is the retention of both upriver dock complexes.

Under the five-year plan the PLA is offering to transfer its surplus land of over 1,000 acres to a new docklands authority in return for the writing-off by the Government of part of the authority's £96m debt.

This idea is a component in tha wider scheme being pursued by Mr. Michael Heseltine, the Environment Secretary, to release surplus land through the country for private development.

In docklands this would involve a kind of new town authority taking responsibility from local authorities for major infrastructure spending. Over £350m is already earmarked for roads in East London in the 1980s and the GLC also hopes to extend the Jubilee Underground Line to docklands, although Mr. Fowler said on Wednesday that alternatives should be investigated.

Legislation to force local authorities to sell surplus land would be an extension of Mr. Heseltine's proposals for a published register of surplus land held by public authorities.

In dockland about 80 per cent of the 5,000 acres is owned by the Greater London Council, the five docklands boroughs and the Port of London Authority, together with public authorities.

Britain's 32 new town authorities have been able to attract new jobs and private investment to their areas. A similar solution in docklands has been suggested before but was always rejected by the previous Labour administration.

The new town authority in dockland could be formed from the recently-established management team of the Docklands Joint Committee which contains several men with extensive experience of new town developments. The committee is composed of the GLC and the five docklands boroughs.

Doxford Engines to cut jobs

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

DROXFORD ENGINES, the Sunderland-based member of British Shipbuilders, is to shed almost half its workforce.

Altogether, 487 men will lose their jobs at Doxford, which is to home of the only British-designed slow-speed marine diesel engines.

In an effort to secure the future of the remainder of the workforce, British Shipbuilders has authorised the company to assemble "from materials in hand" three three-cylinder engines.

The Doxford redundancies are expected to be followed by more job losses at other marine engine companies.

On Clydeside, an announcement is expected shortly that the engine building interests of Scott Lithgow and John G. Kincaid are to merge. This could mean another 300 to 500 redundancies.

In March the two Tyneside builders, George Clark/NEM and Hawthorn Leslie announced the first steps towards merger, with the creation of a central Clark-Hawthorn company for marketing and commercial purposes.

Barclay Curle, British Shipbuilders' sixth engine builder, announced last year that it was going into general engineering and has ceased work o marine diesels.

The shortage of work at all the companies is critical. Doxford's three engines for stock will keep it busy until the end of this year, the two Clydeside companies have work until the autumn and Clark-Hawthorn5s orderbook extends until the end of this year.

Clark-Hawthorn has just suffered a particularly bitter blow with the loss of a four-engine re-engining contract for Seatrain, the U.S. shipping company.

Howaldtswerke-Werft of Hamburg won this contract in a deal which has involved transferring the ownership of the ships to a German company, which will then charter the re-engined vessels back to Seatrain.

The blow to Doxford is particularly unfortunate, as the company has for many years been the only standard bearer of British slow-speed diesel engine design. But now it can claib only 1 per cent of the world market.

The complete closure of Doxford has been considered by British Shipbuilders and this must remain a posaibility if new orders are not found quickly.

Continued from Page 1

Limited NEB role assured

and therefore it will take some time to bring them to the market," said Sir Keith.

Richard Evans writes: Many Conservative MPs were surprised last night at the limited scale of the Government's proposals for cutting the power and influence of the NEB and warned privately that Sir Keith's announcement would be regarded as only a first step.

Sir Keith's admission that the review would make little immediate difference to the NEB clearly concerned some MPs and it was argued that only by withdrawal from BL could the real economic facts be brought home to management and employees.

There will be pressure at the Conservative Party Conference and during the rest of the session for the Government to introduce very wide-ranging proposals to withdraw the NEB from the private sector and to reduce its finances.

Mr. John Silkin, shadow Industry Minister, vigorously attacked Sir Keith's proposals but there were mocking cheers from many Labour MPs when it became clear that the NEB would continue, at present at least, to bave a rola of soma significance.

Lahour leadars were relieved that the statement was not more brutal in its attempts to curtail the activities of the NEB, but pointed out that the disposal of £100m in assets only covered the current financial year.

Journalists strike 'broke rules'

BY OUR LABOUR EDITOR

MORE THAN 650 journalists expelled or disciplined by their union for refusing to go on strike last winter should be reinstated, Lord Denning, Master of the Rolls, said yesterday.

The Court of Appeal found that the strike, over a pay claim in provincial newspapers, was "unconstitutional" because there had been no prior ballot of the membership of the National Union of Journalists.

But last night the union said about 100 outstanding disciplinarycas es would still he heard. After taking legal advice, it said it would continue to seek leave to appeal to the Lords—although the court had refused this—or contest the matter at a full trial, or both.

Mr. Ken Ashton, NUJ general secretary, said the union did not accept the judgment in its totality, and regarded it as "a threat to the traditional democratic and hard-won right of all trade unions and their members to resort to strike action if necessary."

The court allowed appeals by journalists in Birmingham and Coventry who had ignored the strike instruction. They were appealing against the refusal by a High Court judge in February to stop the NUJ disciplining them.

Of the NUJ members disciplined since the strike, 482 were expelled. Lord Denning said they should all he restored pending any full hearing of the dispute ahout the legality of the atrike.

He said be had no douht that the union's national executive committee tbought it had the power to act as it did, but legal analysis of the union's rules showed it had gone too far.

A ballot was required when the majority of the union's 30,000 members would be affected by a strike.

The court found that the strike call to provincial journalists and to the Press Association news agency, and its instruction for support from national newspaper members, freelances, radio, television and public relations members meant a majority had been affected.

Lord Denning said he thought that withdrawal from employment (the phrase used in the union's rulebook) included the partial withdrawal by members from the workaday world hy refusing to handle certain material or not doing proper work.

Large gas price rises

Continued from Page 1

itself witb an accumulation of further large casb halances. Very soon the Corporation would no longer be ahle to use these balances for the early redemption of debt since all its National Loan Fund advances would have been redeemed. Hence, it migbt be necessary to find "appropriate ways" to handle this casb.

● The third idea being considered hy Energy Ministers ls an increase in the price of gas as paid by tbe Corporation to producers in the southern sector of the North Saa. Tbis would probably be accompanied by some windfall tax mechanism but, if introdnced, it would also give the industry more financial incentive to carry out gas exploration and development.

It is estimated that oil companies in tbe southern sector are receiving on average a littla less than 60 cents per 1,000 cuhic feet for supplies: the equlvalent in energy terms of $3.40 to $3.50 a barrel of oil. North Sea oil producers, on the other band are receiving ahout $23 a barrel.

Oil companies have complained tbat there is no incentive at present to search for gas.

Mr. Tony Fox, managing director of Tricentrol Oil Corporation told London oil analysts earlier this week: "Gas exploration in this country has effectively stopped because the return to the investor is effectively zero."

The analysts alsn beard that up to about 25 natural gas fields off Britain could become economic to develnp if prices were allowed to rise substantially.

British Gas is paying considerahly higher prices for supplies from newer discoveries in the more bostile northern waters of the North Sea, as is abown by the way the cost of natural gas supplies has been rising. In 1976-77 tbe cost averaged 2.03p per therm, last year the cost was 4.47p; and this year it ahould average 6.11p. Tbe average gas price imported from Norway last year was 12p a therm, however.

The Corporation is likely to resist a major revision of sonthern gas prices, partly hecause it feels they would not be justified and partly because it is not anxious to stimulate a major development programme, resulting in a temporary glut of supplies.

THE LEX COLUMN

DCL strengthens its payout

Index fell 0.1 to 471.9

Tha first day of the new exchange control regime produced no fireworks. The effective dollar premium fell marginally and on a trade weighted basis aterling waa another 1 per cent higher at 72.8.

Once again gilts were taking their cue from tha strength of sterling. Having been £1 lower at one stage in the morning, prices closed virtually unchanged, reflecting tha afternoon rise in the pound. Little attention was paid to the June money supply figures. A 1.1 per cent rise in sterling M3 was much as expected hut a near £1bn rise in hank lending plus another £300m rise in bank acceptances held outside the hanking system demonstrates the scale of the recent surge in credit.

With two months of the monetary year gone the Chancellor's 7-11 per cent annualised target range for the next ten months is now equivalent to the previous 8-12 per cent range for the full 12 months. But tha VAT increase makes the target tighter than it looks.

Distillers

Despite baving to contend with strengthening sterling, long disputes at its gin distilleries and the effects of the haulage strike, Distillers had a nseful second half, and pre-tax profits for 1978-79 as a whole are 11 per cent higher at £180.1m. What pleased the market more was that the final dividend was increased by an amount that lifts the net payout for the year by over a third—a gesture which, coming from such a conservative company, suggests a fair level cf confidence. Current cost cover is about 1.7 times.

The group hopes it bas now arrested the loss of market share, both in the U.S. where 1978-79 volume was down from the exceptional levels of 1977-78 (although some of the industry statistics are felt to be unreliable), and in the UK where its share of the whisky market seems to bave stabilised at around a quarter following the withdrawal of Johnnie Walker Red Label. In Britain a price increase will help earnings in the first half of the present year, but Nurth steadily eroded.

The continued firmness of sterling and the worsening economic climate are causing some concern, hut DCL should still make £200m in the current year, helped by some recovery from the strikes and the success of the Claymore brand. The group's products may not be recession-proof but they do have a certain resilience; the shares have outperformed the market for some time now bnt the higher yield, now 6.4 per cent at 227p, makes their defensive qualities even more attractive. The prospective p/e on a 30 per cent tax charge is under 6.

GUS

Even in a financial year which—ending in March—missed the second quarter's bulge in consumer spending, Great Universal Stores has sparkled. Pre-tax profits growth is 21 per cent to £155.4m, the biggest advance since the boom year of 1972-73. But the winter's tronbles took their toll, clipping profits growth from tbe 25 per cent of the first half-year, while sales growth in October-Marcb was no more than 12 per cent against a fifth in April-September. This could be a little deceptive, however, for GUS bas a substantial overseas retailing business—accounting for around a fifth of turnover—and the improvement of the sterling exchange rate will have affected the contribution of this part of the group.

At home mail order continues to catch the eye, with industry statistics showing that the sector is as usual outperforming High Street retailers (though more recently it may bave partly missed ont on the boom ahead of 15 per cent VAT). Furniture, footwear and the Global tours husiness have all done well, though the up market Burberry and Scotch House subsidiaries had a quiet time in the post-Jubilee year.

A dividend rise of 27 per cent is scarcely exciting against the background of these results—cover after a 41 per cent tax charge is still 3.5 times—hut the "A" share price seemed happy enongh, rising 8p to 384p where the yield is 4 per cent.

Dowty Group

At a time when a soaring exchange rate is threatening the export competitiveness of a large part of British industry it is refreshing to find a UK exporter that is still doing rather well. Dowty Group is in this select category.

During its last financial year sterling appreciated by over 10 per cent against the dollar, yet Dowty's pre-tax profits are 25 per cent ahead at £31.2m and in the current year they could rise by much the same again to close to £40m. The group is fortunate in having built up a very strong position in the aerospace bnsiness where trading profits are 35 per cent higher and this side of the business should continue to produce steady profit growth for several years.

On the mining products side export competition is stiff but the bulk of the large Chinese order should be delivered in the current year which will cusbion profits. Further down the line the sharp rise in oil prices should stimulate a big increase in coal mining which will boost demand for Dowty's products.

So the group should be able to generate profits growth of 20 per cent per annum or so over the next fe wyears. Meanwhile, the group is taking a cautious line on its distribution policy. The dividend bas been increased hy 68 per cent but is still covered three times on a fully taxed and current cost basis. At 315p the shares yield 3.4 per cent.

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